

NOTICE OF  
THE 111TH ORDINARY GENERAL MEETING OF  
SHAREHOLDERS

to be held in Osaka, Japan on  
June 28, 2018

[ This is a translation from the  
Japanese of a notice circulated  
to shareholders in Japan. ]

**Panasonic Corporation**

Kadoma-shi, Osaka, Japan

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June 7, 2018

Dear Shareholders:

## Notice of the 111th Ordinary General Meeting of Shareholders

This is to inform you that the Company's 111th Ordinary General Meeting of Shareholders will be held as described below. You are cordially invited to attend the meeting.

If it is inconvenient for you to attend the meeting, you are sincerely requested to examine carefully the Reference Materials for Exercise of Voting Rights (p.4-p.20) contained herein and to exercise your voting rights by the Internet or mail, as soon as possible. If voting by mail, please return the voting instruction card duly signed by you after marking "for" or "against" each bill.

\* \* \* \* \*

1. Time and Date: 10:00 a.m. Thursday, June 28, 2018
2. Place: Osaka-Jo Hall  
3-1 Osaka-jo, Chuo-ku, Osaka-shi
3. Purposes:
  - Matters to be Reported:
    1. The business report and report on the consolidated financial statements and financial statements for the 111th fiscal period from April 1, 2017 to March 31, 2018
    2. Report of audit results of Accounting Auditors and the Audit & Supervisory Board on the consolidated financial statements
  - Matters to be Acted Upon:
    - Bill No. 1: To Elect 12 Directors
    - Bill No. 2: To Elect 2 Audit & Supervisory Board Members

Sincerely yours,  
Kazuhiro Tsuga  
Representative Director, President  
Panasonic Corporation  
1006 Oaza Kadoma, Kadoma-shi, Osaka, Japan

Shareholders attending the meeting are requested to hand in the voting instruction card at the reception desk of the meeting venue. Persons other than shareholders, such as proxies and accompanying persons who are not shareholders, are not permitted to attend the meeting. The Notice of Resolutions for the 111th Ordinary General Meeting of Shareholders will be posted on our website at <https://www.panasonic.com/global/corporate/ir/shareholder.html> after the General Meeting of Shareholders.

1. The financial statements and other information included in this Notice are prepared primarily on a consolidated basis in conformity with International Financial Reporting Standards (IFRS). In some cases where required, however, financial statements on a parent-alone basis, which is in conformity with generally accepted accounting principles in Japan (Japan GAAP), are also provided herein. Financial statements on a parent-alone basis and consolidated financial statements should not be confused with each other.
2. An English translation of explanations for the exercise of voting rights via the Internet is omitted herein. For foreign shareholders who maintain standing proxies in Japan, such explanations (in Japanese) are sent to, and available at, your standing proxies.
3. For supplemental information regarding the bills on pages 4 to 20, please visit the following Web site:  
<https://www.panasonic.com/global/corporate/ir/shareholder.html>

## [Reference Materials for Exercise of Voting Rights]

### The Bills and Reference Materials:

#### Bill No. 1: To Elect 12 Directors

The terms of all 12 Directors currently in office will expire at the conclusion of the 111th Ordinary General Meeting of Shareholders, at which time Jun Ishii will retire as Director.

The Company has a rule of a one-year term of office for Directors in accordance with the Articles of Incorporation, as a structure that reflects the decisions of our shareholders to management appropriately. As for the composition of directors, Outside Directors shall account for more than a third of a total of directors. The Company is also working to ensure the diversity of knowledge, experience and capabilities among Directors.

Accordingly, election of 12 Directors including the following four Outside Directors and one new foreign Director is hereby proposed.

Furthermore, the Company deliberated concerning the nomination of candidates for Directors at the optional "Nomination and Compensation Advisory Committee" chaired by Outside Director as Independent Director.

In addition, the nomination of candidates for Directors was deliberated at the optional "Nomination and Compensation Advisory Committee", a majority of whose members as well as whose chair are Outside Directors who are Independent Directors.

The details of the candidates are as follows:

No.	Name		Current position and responsibilities in the Company
1	Shusaku Nagae	Reappointment	Director, Chairman of the Board; Chairman of the Board of Directors; Member of the Nomination and Compensation Advisory Committee
2	Masayuki Matsushita	Reappointment	Director, Vice Chairman of the Board
3	Kazuhiro Tsuga	Reappointment	Representative Director, President and Chief Executive Officer (CEO); Member of the Nomination and Compensation Advisory Committee
4	Yoshio Ito	Reappointment	Representative Director; Executive Vice President; CEO, Automotive & Industrial Systems Company
5	Mototsugu Sato	Reappointment	Representative Director; Senior Managing Executive Officer; Chief Strategy Officer (CSO), Chief Human Resources Officer (CHRO) /In charge of Business Development, General Affairs, Social Relations, and Business Creation Project; CEO, Panasonic Holding (Netherlands) B.V.
6	Yasuyuki Higuchi	Reappointment	Representative Director; Senior Managing Executive Officer; CEO, Connected Solutions Company
7	Masayuki Oku	Reappointment	Director (Outside Director, Independent Director); Member of the Nomination and Compensation Advisory Committee
8	Yoshinobu Tsutsui	Reappointment	Director (Outside Director, Independent Director)
9	Hiroko Ota	Reappointment	Director (Outside Director, Independent Director); Chairperson of the Nomination and Compensation Advisory Committee
10	Kazuhiko Toyama	Reappointment	Director (Outside Director, Independent Director); Member of the Nomination and Compensation Advisory Committee

No.	Name		Current position and responsibilities in the Company
11	Hirokazu Umeda	Reappointment	Director; Managing Executive Officer; Chief Financial Officer (CFO)/In charge of Groupwide Cost Busters Project and BPR Project; President, Panasonic Equity Management Japan Co., Ltd.
12	Laurence W. Bates	New candidate	Executive Officer; General Counsel (GC), Chief Risk Management Officer (CRO), Chief Compliance Officer (CCO); Director, Risk Governance Management Division

Name and date of birth	Career summary, position and responsibilities in the Company and other important concurrently held positions	Number of the Company's shares held
1 Shusaku Nagae January 30, 1950  Reappointment	Apr. 1972 Joined Matsushita Electric Works, Ltd.; Dec. 2004 Managing Executive Officer, Matsushita Electric Works, Ltd.; Jun. 2007 Managing Director, Matsushita Electric Works, Ltd.; Jun. 2010 President, Panasonic Electric Works Co., Ltd.; Apr. 2011 Senior Managing Executive Officer of the Company; Jun. 2012 Representative Director and Executive Vice President of the Company; Jun. 2013 Representative Director and Chairman of the Board of the Company; Jun. 2017 Chairman of the Board of the Company (to the present) <i>(Chairman, Japan Electronics and Information Technology Industries Association)</i> <i>&lt;Reasons for election of the candidate&gt;</i> <i>Panasonic expects Shusaku Nagae to apply his extensive experience as a corporate manager inside the Group to appropriately supervise the entire Group.</i> <i>&lt;Notable conflicts of interest between the candidate and the Company&gt;</i> <i>None</i>	38,530 shares
2 Masayuki Matsushita October 16, 1945  Reappointment	Apr. 1968 Joined the Company; Feb. 1986 Director of the Company; Jun. 1990 Representative Director and Managing Director of the Company; Jun. 1992 Representative Director and Senior Managing Director of the Company; Jun. 1996 Representative Director and Executive Vice President of the Company; Jun. 2000 Representative Director and Vice Chairman of the Board of the Company; Jun. 2017 Director, Vice Chairman of the Board of the Company (to the present) <i>(Chairman, PHP Institute Inc.)</i> <i>(President, The Konosuke Matsushita Memorial Foundation)</i> <i>(President, Matsushita Real Estate Co., Ltd.)</i> <i>(Outside Director, New Otani, Co., Ltd.)</i> <i>(Outside Director, Hotel Okura Co., Ltd.)</i> <i>(Outside Director, THE ROYAL HOTEL, LIMITED)</i> <i>&lt;Reasons for election of the candidate&gt;</i> <i>Panasonic expects Masayuki Matsushita to apply his extensive experience as a corporate manager inside the Group to appropriately supervise the entire Group.</i> <i>&lt;Notable conflicts of interest between the candidate and the Company&gt;</i> <i>None</i>	12,723,100 shares

Name and date of birth	Career summary, position and responsibilities in the Company and other important concurrently held positions	Number of the Company's shares held
3 Kazuhiro Tsuga November 14, 1956  Reappointment	<p>Apr. 1979 Joined the Company;</p> <p>Jun. 2004 Executive Officer of the Company;</p> <p>Apr. 2008 Managing Executive Officer of the Company;</p> <p>Apr. 2011 Senior Managing Executive Officer of the Company;</p> <p>Jun. 2011 Representative Director and Senior Managing Director of the Company;</p> <p>Jun. 2012 Representative Director and President of the Company;</p> <p>Jun. 2017 Representative Director, President and Chief Executive Officer (CEO) of the Company (to the present)</p> <p><i>(Vice Chairman, The Tokyo Organising Committee of the Olympic and Paralympic Games)</i></p> <p><i>&lt;Reasons for election of the candidate&gt;</i>  <i>Panasonic expects Kazuhiro Tsuga to apply his extensive experience as a corporate manager inside the Group and his experience as President of the Company in serving on the Board of Directors to work on helping the Company realize business growth and boost corporate value in the future, and to appropriately supervise the entire Group.</i></p> <p><i>&lt;Notable conflicts of interest between the candidate and the Company&gt;</i>  <i>None</i></p>	67,700 shares
4 Yoshio Ito March 18, 1953  Reappointment	<p>Apr. 1973 Joined the Company;</p> <p>Apr. 2009 Executive Officer of the Company;</p> <p>Apr. 2013 Managing Executive Officer of the Company;</p> <p>Apr. 2014 Senior Managing Executive Officer of the Company; CEO, Automotive &amp; Industrial Systems Company (incumbent);</p> <p>Jun. 2014 Representative Director and Senior Managing Director of the Company;</p> <p>Apr. 2017 Representative Director and Vice President of the Company;</p> <p>Jun. 2017 Representative Director and Executive Vice President of the Company (to the present)</p> <p><i>&lt;Reasons for election of the candidate&gt;</i>  <i>Yoshio Ito has extensive experience as a corporate manager involved primarily in managing operations inside the Group. In his role as a representative of business execution, Panasonic expects him to apply his knowledge in serving on the Board of Directors to work on helping the Company realize business growth and boost corporate value in the future, and to appropriately supervise the entire Group.</i></p> <p><i>&lt;Notable conflicts of interest between the candidate and the Company&gt;</i>  <i>None</i></p>	44,900 shares



Name and date of birth	Career summary, position and responsibilities in the Company and other important concurrently held positions	Number of the Company's shares held
5 Mototsugu Sato October 17, 1956  Reappointment	<p>Apr. 1979 Joined Matsushita Electric Works, Ltd.;</p> <p>Apr. 2008 Executive Officer, Matsushita Electric Works, Ltd.;</p> <p>Apr. 2011 Senior Executive Officer, Panasonic Electric Works Co., Ltd.;</p> <p>Jan. 2012 Managing Officer, Eco Solutions Company of the Company/Director, Accounting Center;</p> <p>Oct. 2013 Executive Officer of the Company/in charge of Planning, BPR Project, and Business Creation Project (incumbent);</p> <p>Jun. 2014 Director of the Company;</p> <p>Apr. 2015 Managing Director of the Company/in charge of Panasonic Spin-up Fund;</p> <p>Apr. 2016 Representative Director and Senior Managing Director of the Company/in charge of Human Resources;</p> <p>Jan. 2017 In charge of Business Development of the Company (incumbent);</p> <p>Mar. 2017 CEO, Panasonic Holding (Netherlands) B.V. (incumbent);</p> <p>Jun. 2017 Representative Director, Senior Managing Executive Officer, Chief Strategy Officer (CSO)(incumbent), and Chief Human Resources Officer (CHRO) of the Company (incumbent);</p> <p>Apr. 2018 In charge of General Affairs and Social Relations of the Company (to the present)</p> <p><i>(President, Panasonic Corporate Pension Fund)</i></p> <p><i>(President, Panasonic Health Insurance Organization)</i></p> <p><i>&lt;Reasons for election of the candidate&gt;</i></p> <p><i>Mototsugu Sato has extensive experience as a corporate manager involved primarily in accounting and other professional functions inside the Group. From the perspective of strategic execution, Panasonic expects him to apply his knowledge in serving on the Board of Directors to work on helping the Company realize business growth and boost corporate value in the future, and to appropriately supervise the entire Group.</i></p> <p><i>&lt;Notable conflicts of interest between the candidate and the Company&gt;</i></p> <p><i>None</i></p>	30,900 shares

Name and date of birth	Career summary, position and responsibilities in the Company and other important concurrently held positions	Number of the Company's shares held
<p>6 Yasuyuki Higuchi November 28, 1957</p> <p>Reappointment</p>	<p>Apr. 1980 Joined the Company;</p> <p>Apr. 1992 Joined The Boston Consulting Group, Inc.;</p> <p>Jul. 1994 Joined Apple Japan, Inc.;</p> <p>Jul. 1997 Joined Compaq Computer Corporation;</p> <p>May 2003 Representative Director and President, Hewlett-Packard Japan, Ltd.;</p> <p>May 2005 Representative Director and President, The Daiei, Inc.;</p> <p>Mar. 2007 Representative Executive Officer and COO, Microsoft Kabushiki Kaisha (currently Microsoft Japan Co., Ltd.);</p> <p>Apr. 2008 Representative Executive Officer and President, Microsoft Kabushiki Kaisha/Vice President, Microsoft Corporation;</p> <p>Jul. 2015 Representative Executive Officer and Chairman, Microsoft Japan Co., Ltd.;</p> <p>Apr. 2017 Senior Managing Executive Officer of the Company/President, Connected Solutions Company (incumbent);</p> <p>Jun. 2017 Representative Director and Senior Managing Executive Officer of the Company (to the present)</p> <p><i>(Outside Director, Faith, Inc.)</i></p> <p><i>&lt;Reasons for election of the candidate&gt;</i>  <i>Yasuyuki Higuchi has extensive experience as a corporate manager of major international corporations, as well as a global perspective. In his role as a representative of business execution, Panasonic expects him to apply that experience and perspective in serving on the Board of Directors to work on helping the Company realize business growth and boost corporate value in the future, and to appropriately supervise the entire Group.</i></p> <p><i>&lt;Notable conflicts of interest between the candidate and the Company&gt;</i>  <i>None</i></p>	<p>20,800 shares</p>

Name and date of birth	Career summary, position and responsibilities in the Company and other important concurrently held positions	Number of the Company's shares held
<p>7 Masayuki Oku December 2, 1944</p> <p>Reappointment</p> <p>Outside Director Independent Director</p>	<p>Apr. 1968 Joined Sumitomo Bank;</p> <p>Jun. 1994 Director, Sumitomo Bank;</p> <p>Jun. 2003 Deputy President and Executive Officer, Sumitomo Mitsui Banking Corporation;</p> <p>Jun. 2005 President and Chief Executive Officer, Sumitomo Mitsui Banking Corporation/Chairman of the Board (Representative Director), Sumitomo Mitsui Financial Group, Inc.;</p> <p>Jun. 2008 Director of the Company (incumbent);</p> <p>Jun. 2011 Chairman of the Board, Sumitomo Mitsui Financial Group, Inc.;</p> <p>Apr. 2017 Director, Sumitomo Mitsui Financial Group, Inc.;</p> <p>Jun. 2017 Honorary Advisor, Sumitomo Mitsui Financial Group, Inc. (to the present)</p> <p><i>(Outside Director, Kao Corporation)</i></p> <p><i>(Outside Director, Komatsu Ltd.)</i></p> <p><i>(Outside Director, CHUGAI PHARMACEUTICAL CO., LTD.)</i></p> <p><i>(Non-executive Director, The Bank of East Asia, Ltd.)</i></p> <p><i>(Outside Audit &amp; Supervisory Board Member, Nankai Electric Railway Co., Ltd.)</i></p> <p>&lt;Number of years in office as Outside Director&gt; 10 years (At the conclusion of this Ordinary General Meeting of Shareholders)</p> <p>&lt;Reasons for election of the candidate&gt; Panasonic proposes the election of Masayuki Oku for the post of Outside Director on account of his extensive managerial experience and deep insight, which the Company expects will be reflected in the management of the Company.</p> <p>&lt;Notable conflicts of interest between the candidate and the Company&gt; None</p>	<p>1,050 shares</p>

Name and date of birth	Career summary, position and responsibilities in the Company and other important concurrently held positions	Number of the Company's shares held
<p>8 Yoshinobu Tsutsui January 30, 1954</p> <p>Reappointment</p> <p>Outside Director Independent Director</p>	<p>Apr. 1977 Joined NIPPON LIFE INSURANCE COMPANY;</p> <p>Jul. 2004 Director, NIPPON LIFE INSURANCE COMPANY;</p> <p>Jan. 2007 Director and Executive Officer, NIPPON LIFE INSURANCE COMPANY;</p> <p>Mar. 2007 Director and Managing Executive Officer, NIPPON LIFE INSURANCE COMPANY;</p> <p>Mar. 2009 Director and Senior Managing Executive Officer, NIPPON LIFE INSURANCE COMPANY;</p> <p>Mar. 2010 Representative Director and Senior Managing Executive Officer, NIPPON LIFE INSURANCE COMPANY;</p> <p>Apr. 2011 President, NIPPON LIFE INSURANCE COMPANY;</p> <p>Jun. 2015 Director of the Company (incumbent);</p> <p>Apr. 2018 Chairman, NIPPON LIFE INSURANCE COMPANY (to the present)</p> <p><i>(Chairman, NIPPON LIFE INSURANCE COMPANY)</i></p> <p><i>(Outside Director, Imperial Hotel, Ltd.)</i></p> <p><i>(Outside Director, Sumitomo Mitsui Financial Group, Inc.)</i></p> <p><i>(Outside Audit &amp; Supervisory Board Member, West Japan Railway Company)</i></p> <p>&lt;Number of years in office as Outside Director&gt; 3 years (At the conclusion of this Ordinary General Meeting of Shareholders)</p> <p>&lt;Reasons for election of the candidate&gt; Panasonic proposes the election of Yoshinobu Tsutsui for the post of Outside Director on account of his extensive managerial experience and deep insight, which the Company expects will be reflected in the management of the Company.</p> <p>&lt;Notable conflicts of interest between the candidate and the Company&gt; None</p>	<p>0 shares</p>

Name and date of birth	Career summary, position and responsibilities in the Company and other important concurrently held positions	Number of the Company's shares held
<p>9 Hiroko Ota February 2, 1954</p> <p>Reappointment</p> <p>Outside Director Independent Director</p>	<p>May 1981 Research Fellow, Japan Institute of Life Insurance;</p> <p>Apr. 1993 Visiting Associate Professor, Economics Faculty, Osaka University;</p> <p>Apr. 1996 Associate Professor, Saitama University;</p> <p>Oct. 1997 Associate Professor, NATIONAL GRADUATE INSTITUTE FOR POLICY STUDIES;</p> <p>Apr. 2001 Professor, NATIONAL GRADUATE INSTITUTE FOR POLICY STUDIES;</p> <p>Apr. 2002 Director, Cabinet Office;</p> <p>Mar. 2003 Deputy Director General, Cabinet Office;</p> <p>Apr. 2004 Director General for Economic Research, Cabinet Office;</p> <p>Aug. 2005 Professor, NATIONAL GRADUATE INSTITUTE FOR POLICY STUDIES;</p> <p>Sep. 2006 Minister for Economic and Fiscal Policy;</p> <p>Aug. 2008 Professor, NATIONAL GRADUATE INSTITUTE FOR POLICY STUDIES (incumbent);</p> <p>Jun. 2013 Director of the Company (to the present)</p> <p><i>(Professor, NATIONAL GRADUATE INSTITUTE FOR POLICY STUDIES)</i></p> <p><i>(Outside Director, JXTG Holdings, Inc.)</i></p> <p><i>(Outside Director, Mizuho Financial Group, Inc.)</i></p> <p>&lt;Number of years in office as Outside Director&gt;</p> <p>5 years (At the conclusion of this Ordinary General Meeting of Shareholders)</p> <p>&lt;Reasons for election of the candidate&gt;</p> <p><i>Panasonic proposes the election of Hiroko Ota for the post of Outside Director on account of her extensive experience and deep insight in economics and finance, which the Company expects will be reflected in the management of the Company. Although Hiroko Ota does not have past experience of being involved in company management other than as an Outside Director or Outside Audit &amp; Supervisory Board Member, the Company believes that she can appropriately perform her duties as an Outside Director on account of the reasons mentioned above.</i></p> <p>&lt;Notable conflicts of interest between the candidate and the Company&gt;</p> <p>None</p>	<p>5,000 shares</p>

Name and date of birth	Career summary, position and responsibilities in the Company and other important concurrently held positions	Number of the Company's shares held
<p>10 Kazuhiko Toyama April 15, 1960</p> <p>Reappointment</p> <p>Outside Director Independent Director</p>	<p>Apr. 1985 Joined The Boston Consulting Group, Inc.;</p> <p>Apr. 1986 Participated in establishment of Corporate Directions, Inc.;</p> <p>Mar. 1993 Director, Corporate Directions, Inc.;</p> <p>Apr. 2000 Managing Director, Corporate Directions, Inc.;</p> <p>Apr. 2001 President, Corporate Directions, Inc.;</p> <p>Apr. 2003 Senior Representative Director and COO, Industrial Revitalization Corporation of Japan;</p> <p>Apr. 2007 Representative Director and CEO, Industrial Growth Platform, Inc. (incumbent);</p> <p>Jun. 2016 Director of the Company (to the present) <i>(Representative Director and CEO, Industrial Growth Platform, Inc.)</i> <i>(Outside Director, Japan Human Resources Co., Ltd.)</i> <i>(Outside Director, Tokyo Electric Power Company Holdings, Inc.)</i></p> <p>&lt;Number of years in office as Outside Director&gt; 2 years (At the conclusion of this Ordinary General Meeting of Shareholders)</p> <p>&lt;Reasons for election of the candidate&gt; <i>Panasonic proposes the election of Kazuhiko Toyama for the post of Outside Director on account of his extensive managerial experience and deep insight, which the Company expects will be reflected in the management of the Company.</i></p> <p>&lt;Notable conflicts of interest between the candidate and the Company&gt; <i>None</i></p>	<p>14,000 shares</p>
<p>11 Hirokazu Umeda January 13, 1962</p> <p>Reappointment</p>	<p>Apr. 1984 Joined the Company;</p> <p>Apr. 2017 Executive Officer of the Company/in charge of Accounting and Finance/General Manager, Corporate Management Support Department, Corporate Strategy Division/in charge of Groupwide Cost Busters Project, and BPR Project;</p> <p>May 2017 In charge of Accounting and Finance, Groupwide Cost Busters Project (incumbent), and BPR Project of the Company (incumbent);</p> <p>Jun. 2017 Director, Executive Officer, and Chief Financial Officer (CFO) of the Company (incumbent);</p> <p>Apr. 2018 Director, Managing Executive Officer of the Company, and President, Panasonic Equity Management Japan Co., Ltd (to the present)</p> <p>&lt;Reasons for election of the candidate&gt; <i>Hirokazu Umeda has extensive experience as a corporate manager involved primarily in accounting inside the Group. From the perspective of financial execution, Panasonic expects him to apply his knowledge in serving on the Board of Directors to help the Company realize business growth and boost corporate value in the future, and to appropriately supervise the entire Group.</i></p> <p>&lt;Notable conflicts of interest between the candidate and the Company&gt; <i>None</i></p>	<p>11,000 shares</p>

Name and date of birth	Career summary, position and responsibilities in the Company and other important concurrently held positions	Number of the Company's shares held
12 Laurence W. Bates February 13, 1958  New candidate	Sept. 1980 Yale-China Association Teaching Fellow, Wuhan University, Wuhan, China; Sept. 1986 Corporate Associate, Paul, Weiss, Rifkind, Wharton & Garrison LLP, New York and Beijing; Mar. 1987 Admitted to New York State Bar; Jan. 1990 Fulbright Senior Professional Research Fellow and Lecturer, Tokyo University Faculty of Law; Sept. 1990 Corporate Associate, Morrison & Foerster LLP, Tokyo; Feb. 1992 General Counsel-GE Medical Systems Asia, Tokyo and Hong Kong; Sept. 1998 General Counsel-Japan, General Electric Company, Tokyo; Jan. 2013 President, American Chamber of Commerce in Japan, Tokyo; Apr. 2014 Senior Managing Director and Chief Legal Officer, LIXIL Group Corporation, Tokyo; Apr. 2018 General Counsel (GC), Chief Risk Management Officer (CRO), Chief Compliance Officer (CCO); Director, Risk Governance Management Division, Executive Officer of the Company (to the present) <i>&lt;Reasons for election of the candidate&gt;</i> <i>As a lawyer, Laurence W. Bates has global and extensive experience in major international corporations, as well as a legal and compliance perspective. Panasonic expects him to apply that experience and perspective in serving on the Board of Directors to work on helping the Company realize business growth and boost corporate value in the future, and to appropriately supervise the entire Group.</i> <i>&lt;Notable conflicts of interest between the candidate and the Company&gt;</i> <i>None</i>	100 shares

(Notes) 1. Masayuki Oku, Yoshinobu Tsutsui, Hiroko Ota and Kazuhiko Toyama are candidates for Outside Directors as stipulated in Article 2, Paragraph 3, Item 7 of the Enforcement Regulations of the Companies Act. Panasonic sent respective notifications of the continuing status of them as Independent Directors to the stock exchanges of Japan on which the Company's shares are publicly listed.

Masayuki Oku comes from Sumitomo Mitsui Financial Group, Inc. and Sumitomo Mitsui Banking Corporation. The amount of the transaction between both companies and the Company in fiscal 2018 was less than 1% of each of their consolidated net sales.

Yoshinobu Tsutsui comes from NIPPON LIFE INSURANCE COMPANY, and the amount of the transaction between the company and the Company in fiscal 2018 was less than 1% of both of their consolidated net sales.

Hiroko Ota had a consulting agreement with the Company but terminated it in May 2013. The amount of remuneration based on the consulting agreement was ¥3 million for a period of approximately six months.

Kazuhiko Toyama had a consulting agreement with the Company but terminated it in March 2016. The amount of remuneration based on the consulting agreement was ¥6 million per year.

The independence criteria for the Company's Outside Directors are described on pages 19 to 20.

2. Additional information concerning candidates for Outside Directors:

(1) Summary of any fact of violation of laws and regulations or the Articles of Incorporation by a candidate for Outside Director of the Company during his or her final term of office at the Company or any other fact of unjust execution of the business, and any act conducted by the candidate for prevention of occurrence of the fact and as a response after the occurrence

In relation to certain transactions made by the Company's U.S. subsidiary, Panasonic Avionics Corporation ("PAC"), with airline companies and the employment of agents and consultants for such transactions, the Company and PAC came to an agreement in May 2018 with the U.S. Securities and Exchange Commission and the U.S. Department of Justice over making payments of US\$ 280,602,830.93 to the U.S. government and making efforts to improve compliance with respect to the investigation of alleged violations of the U.S. Foreign Corrupt Practices Act and other securities-related laws of the U.S. Masayuki Oku, Yoshinobu Tsutsui, and Hiroko Ota were not aware of these violations until they were discovered in their final term of office despite the fact that they had been committed during their term of office, while Kazuhiko Toyama was not in office at the time of these violations. Nevertheless, they have continuously upheld compliance with laws and regulations, and fulfilled the duties of their offices, in particular through contribution to meetings of the Board of Directors,

striving to ensure consistent compliance with all applicable laws in the Company's business operations. In addition, they have performed their duties by giving direction as to the exhaustive investigation of these facts and prevention of recurrence, reviewing the details of the Company's initiative for prevention, etc. after these acts of violations were identified.

(2) Summary of contracts for limitation of liability:

Masayuki Oku, Yoshinobu Tsutsui, Hiroko Ota and Kazuhiko Toyama are currently Outside Directors of the Company. The Company has entered into contracts for limitation of liability with each Outside Director, respectively, which limit the amount of each Outside Director's respective liability, as defined under Article 423, Paragraph 1 of the Companies Act to the minimum amount stipulated in Article 425, Paragraph 1 of the Companies Act, presuming that they perform their respective duties in good faith and without gross negligence. If the reappointments of Masayuki Oku, Yoshinobu Tsutsui, Hiroko Ota and Kazuhiko Toyama are approved, the Company intends to extend those contracts with each of them.



## Bill No. 2: To Elect 2 Audit & Supervisory Board Members

The terms of office of Yoshio Sato and Toshio Kinoshita as Audit & Supervisory Board Members will expire at the conclusion of the 111th Ordinary General Meeting of Shareholders.

Accordingly, the election of two Audit & Supervisory Board Members is hereby proposed.

In addition, the nomination of candidates for Audit & Supervisory Board Members was deliberated at the optional "Nomination and Compensation Advisory Committee", a majority of whose members as well as whose chair are Outside Directors who are Independent Directors.

The Audit & Supervisory Board has approved this proposal.

The details of the candidates are as follows:

Name and date of birth	Career summary, position and responsibilities in the Company and other important concurrently held positions	Number of the Company's shares held
1 Yoshio Sato August 25, 1949  Reappointment  Outside Audit & Supervisory Board Member Independent Director	Apr. 1973 Joined SUMITOMO LIFE INSURANCE COMPANY; Jul. 2000 Director of SUMITOMO LIFE INSURANCE COMPANY/Director, Corporate Division of Head Office, SUMITOMO LIFE INSURANCE COMPANY; Jul. 2007 President and Director, Representative Executive Officer (Representative Director) of SUMITOMO LIFE INSURANCE COMPANY; Jul. 2011 President and Representative Director, Chief Executive Officer of SUMITOMO LIFE INSURANCE COMPANY; Apr. 2014 Chairman and Representative Director of SUMITOMO LIFE INSURANCE COMPANY; Jun. 2014 Audit & Supervisory Board Member of the Company (incumbent); Jul. 2015 Chairman of the Board and Representative Executive Officer of SUMITOMO LIFE INSURANCE COMPANY (to the present) <i>(Chairman of the Board of SUMITOMO LIFE INSURANCE COMPANY)</i> <i>(Outside Director of YOMIURI TELECASTING CORPORATION)</i> <i>(Outside Audit &amp; Supervisory Board Member, SAKATA INX CORPORATION)</i> <Number of years in office as Outside Audit & Supervisory Board Member> 4 years (At the conclusion of this Ordinary General Meeting of Shareholders) <Reasons for election of the candidate> <i>Panasonic expects Yoshio Sato to apply his extensive managerial experience and deep insight to appropriately audit the performance of Directors' duties as an Outside Audit &amp; Supervisory Board Member and provide valuable opinions to the Company's management.</i> <Notable conflicts of interest between the candidate and the Company> None	0 shares

Name and date of birth	Career summary, position and responsibilities in the Company and other important concurrently held positions	Number of the Company's shares held
2 Toshio Kinoshita April 12, 1949  Reappointment  Outside Audit & Supervisory Board Member Independent Director	Jan. 1980 Joined Coopers & Lybrand Japan (now PricewaterhouseCoopers Aarata LLC); Jul. 1983 Registered as Certified Public Accountant (Japan); Feb. 1985 Coopers & Lybrand (now PricewaterhouseCoopers LLP) New York Office; Jun. 1994 Senior Partner of Chuo Audit Corporation; Jan. 1995 Registered as Certified Public Accountant (CA, USA); Feb. 1997 Registered as Certified Public Accountant (NY, USA); Jul. 1998 Managing Partner for Japanese Business Network of PricewaterhouseCoopers LLP National Office; Jul. 2005 Management Board Member, International Business of Chuo Aoyama Audit Corporation; Jul. 2007 Chief Executive of The Japanese Institute of Certified Public Accountants; Jul. 2013 Council Member of The Japanese Institute of Certified Public Accountants; established Kinoshita CPA Firm; Jun. 2014 Audit & Supervisory Board Member of the Company (incumbent); Jul. 2014 Established Global Professional Partners Corporation; President of Global Professional Partners Corporation (to the present)  <i>(President of Global Professional Partners Corporation)</i> <i>(Outside Director of ASATSU-DK INC.)</i> <i>(Outside Director of TACHI-S CO., LTD.)</i> <i>(Outside Director of Mizuho Bank, Ltd.)</i> <i>(Outside Audit &amp; Supervisory Board Member of Cool Japan Fund Inc.)</i> <i>(Outside Audit &amp; Supervisory Board Member of WEATHERNEWS INC.)</i> <i>(Outside Audit &amp; Supervisory Board Member of Denka Company Limited)</i> <Number of years in office as Outside Audit & Supervisory Board Member> 4 years (At the conclusion of this Ordinary General Meeting of Shareholders) <Reasons for election of the candidate> <i>Panasonic expects Toshio Kinoshita to apply his extensive experience and deep insight as a certified public accountant to appropriately audit the performance of Directors' duties as an Outside Audit &amp; Supervisory Board Member and provide valuable opinions to the Company's management.</i> <Notable conflicts of interest between the candidate and the Company> None	0 shares

- (Notes) 1. Yoshio Sato and Toshio Kinoshita are candidates for Outside Audit & Supervisory Board Members as stipulated in Article 2, Paragraph 3, Item 8 of the Enforcement Regulations of the Companies Act. The Company sent notifications of the statuses of these Audit & Supervisory Board Members as Independent Audit & Supervisory Board Members to the stock exchanges of Japan on which the Company's shares are publicly listed. Yoshio Sato comes from SUMITOMO LIFE INSURANCE COMPANY, and the amount of transaction between the company and the Company in fiscal 2018 was less than 1% of both of their consolidated net sales. The independence standards for the Company's Outside Audit & Supervisory Board Members are described on pages 19 to 20.
2. Additional information concerning the candidate for Outside Audit & Supervisory Board Members:
- (1) Summary of any fact of violation of laws and regulations or the Articles of Incorporation by a candidate for Outside Audit & Supervisory Board Member of the Company during his or her final term of office at the Company or any other fact of unjust execution of the business, and any act conducted by the candidate for prevention of occurrence of the fact and as a response after the occurrence:  
 In December 2012, the European Commission notified the Company that it had decided to impose a fine on the Company for certain conduct violating antitrust laws in connection with the Company's cathode ray tube business. The Company appealed this decision in court, but in July 2016, the European Court of Justice dismissed the Company's appeal and the sanctions against the Company became final. The Company also reached a settlement to pay the fine imposed by the European Commission in December 2016, in regard to certain conduct

violating antitrust laws in connection with the Company's lithium-ion battery business. In addition, in relation to certain transactions made by the Company's U.S. subsidiary, Panasonic Avionics Corporation ("PAC"), with airline companies and the employment of agents and consultants for such transactions, the Company and PAC came to an agreement in May 2018 with the U.S. Securities and Exchange Commission and the U.S. Department of Justice over making payments of US\$ 280,602,830.93 to the U.S. government and making efforts to improve compliance with respect to the investigation of alleged violations of the U.S. Foreign Corrupt Practices Act and other securities-related laws of the U.S.

Yoshio Sato and Toshio Kinoshita were not in office at the time of the violations regarding the cathode ray tube business and the lithium-ion battery business, and, although the violation involving PAC happened while they were in office, they were not aware of said violations until they were discovered. Nevertheless, they have continuously upheld compliance with laws and regulations, and fulfilled the duties of their offices, in particular through contribution to meetings of the Board of Directors, striving to ensure consistent compliance with all applicable laws in the Company's business operations. In addition, they have performed their duties by seeking an exhaustive investigation of these facts and prevention of recurrence, reviewing the details of the Company's initiative for prevention, etc. after these acts of violations were identified.

(2) Summary of contract for limitation of liability:

Yoshio Sato and Toshio Kinoshita are currently Outside Audit & Supervisory Board Members, and the Company has entered into contracts for limitation of liability with them, which limit the amount of their liability as defined under Article 423, Paragraph 1 of the Companies Act to the minimum amount stipulated in Article 425, Paragraph 1 of the Companies Act, presuming that they perform their duties in good faith and without gross negligence. If the reappointments of Yoshio Sato and Toshio Kinoshita are approved, the Company intends to extend the contracts with them.

<Overview of the Independence Standards for Outside Directors / Audit & Supervisory Board Members>

The following persons are not considered independent.

- (1) A person executing the operations of a parent company or a subsidiary of the parent company of the Company (Including a person who corresponds to such a person recently or previously, hereinafter, "executing person")
- (2) A person whose major business partner is the Company or an executing person of the same, or a major business partner of the Company or an executing person of the same
- (3) A consultant, accounting expert, or legal expert who receives a significant amount of money or other property from the Company other than compensation as a Director / Audit & Supervisory Board Member. If the person who receives such property is an organization such as a legal entity or association, a person who belongs or belonged to the organization corresponds to the relevant person.
- (4) A principal shareholder of the Company (If the principal shareholder is a legal entity, an executing person of such legal entity)
- (5) A close relative listed in items (1) to (4) above (A second-degree or closer relative applies. The same applies hereinafter.) or a close relative of an executing person of the Company or a subsidiary of the Company (If an Outside Audit & Supervisory Board Member is appointed to as an Independent Director / Audit & Supervisory Board Member, a person who is or who was an non-executing director / accounting advisor is included in the executing person.)

(Notes)

- i) In the items (1), (2), (4) and (5) above, an "executing person" corresponds to any of the following.
  - An executive director, an executive officer (shikkouyaku) or a director / audit & supervisory board member who executes business of a legal entity, etc.
  - An employee who executes business, a person responsible of serving duties of an employee who executes business of a legal entity in the case that the legal entity is an employee who executes business, or other such equivalent person
  - A worker

Also, the wording "recently" shall be assumed to be the point of time when the content of the bill of the general meeting of shareholders electing the person as a director or an audit & supervisory board member is decided, and the wording "previously" shall be assumed to be within the last three years.

- ii) In the item (2) above, "major" shall be applied to the case in which the amount of the transaction between the Company and a business partner, exceeds 2% of either of their annual consolidated net sales.
- iii) In the item (3) above, "a significant amount" shall be applied to the case in which the person oneself who provides a service (individual) or the organization such as a corporation or association to which a service provider belongs, in providing a service to the Company, corresponds to any of the followings. "A person who belongs or belonged" includes not only a partner, but also an associate as it is so called.
  - A person oneself who provides a service: Receives compensation of more than or equal to 12 million yen per year from the Company.
  - An organization to which a service provider belongs: The amount of the transaction between the Company and the organization exceeds 2% of either of their annual consolidated net sales."A person who belonged to an organization" shall be assumed to be identified based on whether the person belonged to the organization within the last three years.

- iv) In the item (4) above, "a principal shareholder" shall mean a shareholder holding 10% or more of the voting rights of the Company.
- v) In the item (5) above, "A person who was a non-executive director / accounting advisor" shall be assumed to be identified based on whether the person was in the position within the last three years.

## **Business Report for the 111th Fiscal Period**

(From April 1, 2017 to March 31, 2018)

### **1. Brief Business Review of the Panasonic Group**

#### **(1) Progress and Results during the Period**

During the year ended March 31, 2018 (fiscal 2018) under review, the global economy showed signs of recovery. The U.S. economy performed favorably with stable personal spending and recovering capital investments, while the Chinese economy also saw an increase in exports driven by expanding external demand. The Japanese economy made a moderate recovery on the back of stable employment and other factors.

Under such business circumstances, in fiscal 2018, Panasonic promoted growth strategies aimed at sustainably increasing sales and profits, identifying the growth areas where the Company will concentrate its management resources.

For the B2B business, on April 1, 2017, Panasonic established a new internal company, named the Connected Solutions Company, as a result of reorganizing the former AVC Networks Company and developed a customer-oriented structure for the business that will play a central role in the growth of the group-wide B2B business. For the automotive-related business, Panasonic is further expanding its production capacity for automotive batteries, including a new factory in Dalian, China, which started mass production and shipment. Panasonic also announced an agreement with Toyota Motor Corporation to begin studying the feasibility of a joint business to promote further advances in automotive prismatic batteries. For the housing-related business, Panasonic made PanaHome Corporation a wholly-owned subsidiary, seeking to exert the synergy of Group-wide management resources. In the solar business, Panasonic started selling individual cell devices in addition to its conventional module sales. The Company also reviewed the module production structure, including termination of module production at the Shiga plant.

Increases in both sales and profit were achieved for fiscal 2018 mainly due to growth in the automotive- and industrial-related businesses. Consolidated group sales increased by 9% to ¥7,982.2 billion from fiscal 2017 (a year ago). Domestic sales showed favorable results. Overseas sales showed a significant increase in automotive-related business. In particular, Automotive, which includes automotive infotainment systems and car-related equipment, in addition to Energy, which includes rechargeable batteries, made contributions. Effects from the new consolidations of Ficosa and Zetes as well as from foreign exchange rates, also contributed to increasing sales.

Operating profit increased by 37% to ¥380.5 billion from a year ago. Sales increases mainly in Automotive and Industrial and rationalization efforts offset the negative impacts from raw material cost hikes and increased fixed-costs due to upfront investments. Profit before income taxes increased by 38% to ¥378.6 billion. Net profit attributable to Panasonic Corporation stockholders increased by 58% to ¥236.0 billion from a year ago.

#### **Segment Information**

The Panasonic Group is divided into four companies for business management, and they support the autonomy of each business division and execute businesses in their respective areas on a global scale. The results of their performance are classified and disclosed in the five segments of "Appliances", "Eco Solutions", "Connected Solutions", "Automotive & Industrial Systems", and "Other". From fiscal 2018, the AVC Networks segment was renamed as the Connected Solutions segment.

Business divisions and main businesses by segment are listed on the next page, with net sales and operating profit for each segment presented starting on the following page. In accordance with the organizational change, segment information for fiscal 2017 has been reclassified to conform to the presentation for fiscal 2018.

Business Divisions and Main Businesses by Segment

(as of March 31, 2018)

Segment	Business Division	Main products and services
<b>Appliances</b>	Air-Conditioner Company TV BD, Imaging Network BD Home Entertainment BD Communication Products BD Refrigerator BD, Laundry Systems and Vacuum Cleaner BD Kitchen Appliances BD Beauty and Living BD Air-Conditioning & Heating Devices BD Smart Energy System BD Cold Chain BD, Hussmann Corporation	Room air-conditioners, large-sized air-conditioners, TVs, digital cameras, video equipment, home audio equipment, fixed-phones, refrigerators, washing machines, vacuum cleaners, microwave ovens, rice cookers, personal-care products, compressors, fuel cells, showcases
<b>Eco Solutions</b>	Lighting BD Energy Systems BD Housing Systems BD Panasonic Ecology Systems Co., Ltd. Panasonic Cycle Technology Co., Ltd.	Lighting fixtures, lamps, wiring devices, solar photovoltaic systems, kitchen & bath, interior furnishing materials, exterior finishing materials, ventilation and air-conditioning equipment, air purifiers, bicycles, nursing care service
<b>Connected Solutions</b>	Panasonic Avionics Corporation Process Automation BD Media Entertainment BD Mobile Solutions BD Security Systems BD Panasonic System Solutions Japan Co., Ltd.	Aircraft in-flight entertainment systems and communications services, electronic-components-mounting machines, welding equipment, projectors, professional AV systems, PCs and tablets, surveillance cameras
<b>Automotive &amp; Industrial Systems</b>	Automotive Business: Automotive Infotainment Systems BD Automotive Electronics Systems BD Ficosa International S.A. Energy Business: Rechargeable Battery BD Energy Device BD Industrial Business: Electromechanical Control BD Panasonic Semiconductor Solutions Co., Ltd. Device Solutions BD, Electronic Materials BD Panasonic Liquid Crystal Display Co., Ltd.	Automotive-use infotainment systems, electrical components, automotive mirrors, automotive-use batteries, lithium-ion batteries, dry batteries, automation controls, electric motors, semiconductors, electronic components, electronic materials, LCD panels
<b>Other</b>	PanaHome Corporation	Detached housing, rental apartment housing, land and buildings for sale, home remodeling, raw materials

(Note) The Other segment also includes products and services other than those of PanaHome Corporation.

### ***Appliances***

Sales increased by 3% to ¥2,588.4 billion from a year ago, mainly due to growth in sales of appliances and devices in China and other areas in fiscal 2018.

Looking at the main Business Divisions (BD) of this segment, the Air-Conditioner Company saw sales growth driven by brisk sales of both room air-conditioners and large air-conditioners in China and other countries.

In the Laundry Systems and Vacuum Cleaner BD, sales increased due to strong sales of washing machines in China and Asia.

In the TV BD, sales increased with growth in sales of organic electroluminescent (EL) TVs, mainly in Japan and Europe.

In the Refrigerator BD, sales increased with brisk sales in China and Asia.

Operating profit increased ¥5.5 billion to ¥104.4 billion from a year ago, despite a surge in raw materials prices mainly in home appliances such as air-conditioners. The increase was mainly due to progress in initiatives to control the procurement price of raw materials and components as well as consideration of alternative materials and components, coupled with the increase in sales and profit.

### ***Eco Solutions***

Sales increased by 5% to ¥1,623.5 billion from a year ago, mainly due to growth in sales in Japan for the electric materials business and water-related equipment, along with brisk sales overseas for heat-exchanging units in China and the electric materials business in India and Vietnam.

Looking at the main BDs of this segment, the Energy Systems BD saw an increase in sales mainly due to strong sales of wiring devices in Japan as well as in India, Turkey and Vietnam, despite an impact of the shrinking solar business market in Japan.

The Lighting BD saw a growth in sales thanks to brisk sales of non-housing lighting in Japan and expansion of the China business in overseas market.

At Panasonic Ecology Systems Co., Ltd., sales rose as an increase in sales of ventilation systems in Japan and overseas absorbed a decline in sales of the environmental engineering business, which saw a fallback after receiving an order for major projects.

In the Housing Systems BD, sales increased on growth in sales for water-related equipment such as modular system kitchens.

Operating profit increased by ¥8.3 billion to ¥72.5 billion from a year ago, mainly due to an increase in sales and profit and an effect of improvements in cost competitiveness, despite the impact of high procurement prices for raw materials and components and a drop in sales prices in the market.

### ***Connected Solutions***

Sales increased by 6% to ¥1,119.3 billion from a year ago, increasing overall mainly due to brisk sales of mounting equipment to smartphone manufacturers and mobile notebook PCs.

Looking at the main BDs of this segment, at Panasonic Avionics Corporation sales declined despite a solid performance from communications and maintenance services, mainly reflecting lackluster growth in aircraft in-flight entertainment systems due to a fall in market demand.

In the Mobile Solutions BD, sales increased, mainly due to growth in sales of notebook PCs and the new consolidation of Belgian logistics solutions company Zetes Industries S.A., which outweighed a decline in sales of feature phones.

In the Process Automation BD, sales increased due to growth in sales of mounting equipment and expansion of the product line up in welding equipment for the automotive industry.

In the Media Entertainment BD, sales increased due to buoyant sales performance of high-brightness projectors and new professional AV system products for video production market.

Operating profit increased by ¥55.3 billion to ¥105.7 billion from a year ago, mainly due to growth in sales and profit in the Mobile Solutions BD and the Process Automation BD, an increase in the profit ratio for the Media Entertainment BD due to a shift towards high-value added products, and improvement of other income and expenses following a review of the reserve for legal costs.

### ***Automotive & Industrial Systems***

Sales increased by 16% to ¥2,803.5 billion from a year ago, mainly reflecting growth in electrification and automation-related sales in the automotive field due to market growth for eco-cars



and expansion in demand for advanced driver assistance systems (ADAS). In the industrial field, device sales in China were brisk.

Looking at the main businesses of this segment, the Automotive Business saw sales increase due to growth in sales in automotive infotainment-related equipment such as display audio systems and cockpit systems, as well as ADAS-related products such as automotive cameras and sonar. Consolidation of Ficosa International S.A. also contributed to sales increase.

In the Energy Business, sales increased due to growth in sales of prismatic and cylindrical automotive batteries in line with market growth for eco-cars, as well as the launch of new dry battery products in Japan and favorable sales of micro batteries overseas.

In the Industrial Business, sales increased due to brisk sales of motors and sensors for Chinese industrial equipment, film capacitors for eco-cars, and conductive capacitors for data servers and semiconductor storage.

Operating profit declined by ¥1.6 billion to ¥91.4 billion from a year ago, mainly due to recording a reversal of provision and gains from business transfer in the previous fiscal year, despite a strong increase in sales and profit from automotive and industrial products centered on the Industrial Business and from automotive batteries.

### *Other*

Sales were ¥675.9 billion, at the same level as a year ago.

In fiscal 2018, sales at PanaHome Corporation fell slightly affected by a decrease in the number of orders for new house building and apartments despite a brisk sales in Japan for interior remodeling and condominiums.

Operating profit increased by ¥2.8 billion to ¥10.8 billion from a year ago.

## Segment Information

Segment	Sales (billions of yen)	Year-on-year comparison (%)	Operating profit (billions of yen)	Profit ratio (%)	Year-on-year comparison (%)
Appliances	2,588.4	103	104.4	4.0	106
Eco Solutions	1,623.5	105	72.5	4.5	113
Connected Solutions	1,119.3	106	105.7	9.4	210
Automotive & Industrial Systems	2,803.5	116	91.4	3.3	98
Other	675.9	100	10.8	1.6	134
Subtotal	8,810.6	108	384.8	4.4	122
Eliminations and Adjustments	(828.4)	–	(4.3)	–	–
Consolidated Total	7,982.2	109	380.5	4.8	137

- (Notes) 1. Amounts less than ¥100 million have been rounded to the nearest ¥100 million, and profit ratios have been rounded to one decimal place. Year-on-year comparison figures have been rounded to the nearest whole number.
2. For year-on-year comparison of sales and operating profit, segment information for fiscal 2017 has been reclassified to conform to the structure of fiscal 2018.
3. Sales of segments include intersegment sales.
4. The figures in "Eliminations and Adjustments" include income and expenses which are not attributable to any segments, for the purpose of evaluating operating results of each segment, consolidation adjustments, and eliminations of intersegment transactions.
5. The sales of fiscal 2018 consist of sales in Japan that increased by 2% from fiscal 2017 to ¥3,724.1 billion and sales outside Japan that increased by 16% from fiscal 2017 to ¥4,258.1 billion.

## (2) Research and Development

The Panasonic Group concentrated on development of new technologies and new products to underpin the future based on the growth strategies for the major business fields. In addition, to drive innovation the Group established the Business Innovation Division within Head Office, and actively worked to create new businesses that make use of new technologies such as the IoT<sup>(Note)</sup>, artificial intelligence (AI), and big data. R&D expenditures totaled ¥448.9 billion in fiscal 2018.

Key development themes and achievement during fiscal 2018 were as follows:

- (1) Development of facial recognition technology capable of recognizing a person regardless of passage of time, makeup, or facial expression

The Panasonic Group developed facial recognition technology able to cope with facial hair, makeup, wrinkles and blemishes by combining image-sensing technologies cultivated in digital cameras and so forth with AI technology that has learned by identifying many people. This technology was incorporated in a facial recognition gate along with universal design based on ergonomics to create an automatic border control gate using facial recognition that can be used intuitively by beginners and the elderly. The gates have been installed at Haneda Airport to streamline the processing of travelers returning to Japan.

The gate received "2017 Good Design Award".

- (2) Development of drowsiness-control technology that can detect and predict a driver's drowsiness without physical contact and allow them to stay comfortably awake

The Panasonic Group developed a technology that can detect a driver's initial stage of shallow drowsiness with high accuracy and without physical contact by measuring their blinking, facial expressions, and other aspects captured by a camera and processing them using AI. Further, using measurement data from the in-vehicle environment, such as release of heat from the driver and illuminance, the new technology also successfully predicts the transition of the driver's drowsiness level. Combined with thermal sensation monitoring, the newly developed drowsiness control technology can help drivers stay comfortably awake until they reach their destination. These technologies can be used as a system to help prevent drivers from falling asleep while driving.

This technology was awarded "2017 Top Ten New Product Awards 60th Anniversary Special Award" sponsored by Nikkan Kogyo Shimbun, Ltd.

- (3) Development of a "Safety Monitoring Service" using IoT devices and its application to nursing care facilities and remote at-home care services

The Panasonic Group developed a service solution for remote monitoring of room temperature and humidity, as well as the occupant's sleep rhythm and amount of activity using an air conditioner and room sensor. The system was introduced to facilities such as elderly homes with support services to implement a service for increasing the work efficiency in care staff operations.

With a view to widening the scope of application, the Panasonic Group started a trial demonstration of the system for a remote at-home service in Minoh-shi, Osaka, Katano-shi, Osaka, and Toyota-shi, Aichi. In 2025, one in three Japanese people will be senior citizens, and the looming shortage of nursing care personnel is an issue to be addressed. The Company will contribute to streamlining at-home care and care services for supporting independence by realizing comprehensive regional care systems that make use of the IoT.

- (4) Development of high-speed electric power line communication technology using three-phase power lines for communication and start of demonstration for the IoT at a large-scale facility

Combining HD-PLC technology that makes use of power lines for high-speed communications and Multi-hop technology that stably transmits data through multiple terminals, the Panasonic Group developed a communication technology capable of realizing long-distance communications over several kilometers using existing power lines and networks of around 1,000 terminals. The Company also started a demonstration at its Saga Plant with the three-phase power lines used for supplying power to electric motor systems and bulk power systems. This technology removes the need for dedicated communication lines and enables flexible layout changes, while offering low-cost construction of a network that offers highly robust security compared with wireless networks.

The Panasonic Group will position HD-PLC as a foundation technology for the IoT and will work to promote its further spread going forward.

(Note) IoT: Internet of Things refers to the connection of many things and devices to the Internet

### (3) Capital Investment

The Panasonic Group made capital investment totaling ¥392.2 billion in fiscal 2018 under a philosophy of investing steadily in its key business for future growth.

The main capital investments have been made in production facilities in the U.S. and China for lithium-ion batteries for automotive use.

### (4) Corporate Financing

The Panasonic Group's basic policy is to generate necessary funds for its business activities through its own efforts. The generated funds are utilized efficiently through internal Group finance operations. In cases where it becomes necessary to secure funds for purposes such as for working capital or business investments, corporate financing is secured from an external source by appropriate means after due consideration of the Group's financial standing and financial market conditions.

In fiscal 2018, Panasonic mainly issued commercial paper (CP) to secure working capital and others.

The Company redeemed the 11th series of unsecured straight bonds totaling ¥150.0 billion in March 2018, (issued in March 2011) as they fell due. As a result, the balance of CP outstanding was ¥240.0 billion, and the balance of unsecured straight bonds was ¥930.0 billion as of March 31, 2018.

### (5) Environmental Activities

The Panasonic Group has determined the "Environmental Policy", which consists of its Environmental Statement, Environmental Action Guideline and Environmental Action Plan to contribute to the development of a sustainable society through its business as a public entity, toward co-existence with global environment and being in harmony with society. Under the Environmental Action Plan, the Panasonic Group has formulated targets to be achieved in fiscal 2019 and the actions needed to achieve them as the Green Plan 2018. Under the plan, the Group has set targets for five environmental issues: (1) CO<sub>2</sub> reduction, (2) Resources recycling, (3) Efficient use of water, (4) Control of chemical substances and (5) Biodiversity; and has taken steps to address them. As a result, the Group expects to achieve its targets.

As a target for further initiatives, Panasonic announced its Environmental Vision 2050 in June 2017. This vision's ultimate goals are to realize both better lifestyles and sustainable global environment. Aiming for a more comfortable lifestyle through clean energy, Panasonic will follow this vision to reduce the energy it uses and work towards creating and utilizing amounts of clean energy exceeding the amount of energy used. Currently, relative to the total amount of energy used (energy used during production and using products in the hands of our customers), the amount of energy created (clean energy that is created and/or made available by Panasonic's products and services) is merely one-tenth. Therefore, the Panasonic Group is working on reducing energy used by advancing energy-saving technologies for products and innovating manufacturing processes. At the same time, the Group is taking steps to grow the amount of energy created by expanding the energy-creation and storage businesses as well as increasing opportunities to use clean energy through Panasonic's contributions to new social systems such as automotive batteries and hydrogen.

Another of the initiative to realize Environmental Vision 2050 is promoting business aiming for a sustainable society. In efforts to reduce CO<sub>2</sub> emissions, Panasonic has set a target of reducing the CO<sub>2</sub> emissions from its own business activities to zero by 2050, based on the Paris Agreement, an international framework for preventing global warming. This target has been approved by the Science Based Targets initiative (SBTi) <sup>(Note)</sup> as a scientifically based level. To enable visualization of the energy usage at its plants, and the impact of energy usage reduction countermeasures, Panasonic has installed measurement equipment and factory energy management systems. Various data is measured and analyzed from multiple perspectives to identify and implement energy-saving measures. Solar photovoltaic systems are also fitted to factories where possible to help reduce CO<sub>2</sub> emissions using renewable energy.

Through these initiatives, the Panasonic Group will steadily advance its environmental measures going forward.

(Note) SBTi: An organization established by the UN Global Compact, the World Resources Institute (WRI), and the World Wildlife Fund (WWF) to promote the achievement of greenhouse gas emissions reduction targets

## (6) Challenges for the Panasonic Group

Panasonic aims at offering “A Better Life, A Better World” for each customer – a slogan that embodies the founding philosophy to contribute to the progress and development of society and the well-being of people through its business activities.

In fiscal 2018, Panasonic promoted its growth strategies aiming at sustainable sales and profit increase. More specifically, on April 1, the Company established a new internal company, named the Connected Solutions Company, as a result of reorganizing the former AVC Networks Company and developed a customer-oriented structure for the business that will play a central role in the growth of the group-wide B2B business. Furthermore, the Company took on initiatives that included implementing capital investment related to automotive lithium-ion batteries, as well as undertaking investment related to mergers and acquisitions in part by making PanaHome Corporation a wholly-owned subsidiary, and Spanish automotive parts and systems supplier Ficosa International S.A. a consolidated subsidiary.

In the management environment for fiscal 2019, moderate recovery of the overall global economy is expected to persist, despite geopolitical risks and apparently worsening economic conditions in emerging nations along with uncertainties that include developments with respect to political agendas and policymaking in respective countries. In Japan, whereas consumption is mounting a weak recovery, the rate of economic growth is expected to decline as upward momentum previously fueled by public investment stemming from economic measures subsides. In fiscal 2019, Panasonic will accordingly better identify areas where it will concentrate its management resources, and otherwise promote its strategies geared to generating sustainable growth.

### <Major initiatives in each segment>

#### Appliances

In its Consumer Electronics business, Panasonic aims to generate sustainable increases in sales and profit. To that end, the Company will forge ahead in making investment concentrated in the air conditioner business and the small & built-in business involving personal-care products, cooking appliances and other such merchandise, both of the businesses hold promise of growth, and will also focus efforts on the high-growth markets of Asia, and China in particular. Meanwhile, the Company will make further progress in shifting authority overseas, with the aim of providing products that are better tailored to the demands of local customers. The Company will step up to the challenge of designing and creating new aspirations by more swiftly spurring the evolution of consumer electronics that are equipped with IoT, actively drawing on technologies and knowledge from beyond the Company.

#### Eco Solutions

Premised on its aim of expanding the notion of “A Better Life” to homes, communities and society overall, Panasonic will engage in business that improves people’s existence and brings them greater comfort in that regard. In its space innovation business, the Company will provide new forms of value with respect to spaces in a manner unique to Panasonic, drawing on the Group’s comprehensive strengths, in addition to the Company’s operations involving electrical construction materials and housing materials. Moreover, the Company is forging ahead in construction business and other areas of lifestyle innovation business by strengthening its housing prime contracting business and its urban development business.

#### Connected Solutions

As a technology partner of its corporate customers, Panasonic aims to facilitate business growth of such customers by helping them heighten productivity of their on-site operations and continue to create value. More specifically, the Company will leverage its know-how amassed in the manufacturing industry as well as its robotics technologies in helping to innovate processes for making, transporting and selling products with respect to customers who are encountering challenges such as increasingly diverse and sophisticated consumer needs along with shortages of labor. The Company will also create new forms of value that extend across customer value chains in part by facilitating tasks of matching supply and demand, and bringing about improvements in supply chain traceability.

### Automotive & Industrial Systems

Panasonic will work to strengthen its management foundations that underpin rapid growth, while promoting its “selection and concentration” strategy from an earnings perspective. In the automotive business, the Company will achieve growth in earnings by placing focus on in-vehicle infotainment (IVI), cockpit, advanced driver assistance systems (ADAS) and products such as rechargers that support the shift to electric vehicles. In the Energy Business, automotive batteries will drive business growth, amid further efforts to promote alliances with vehicle manufacturers. In the Industrial Business, the Company will pursue high profitability by further concentrating efforts on devices that underpin areas of high growth potential within the automotive and industrial businesses, particularly in terms of the shift to electrification, autonomous driving, and labor-saving, as well as IT infrastructures.

### <Foundations toward sustainable growth>

#### Corporate Governance

Panasonic continues to strengthen its corporate governance and improve its effectiveness, as the Company recognizes it as a key foundation to enhance its mid-to-long term corporate value. Effective April 1, 2018, the Company revised its Corporate Advisor System and transitioned to a new governance system. Executive Advisors and Special Corporate Advisors had previously served as board members of foundations, incorporated associations and the like. Under the new system, individuals who had served as Chairman or President will be appointed as Special Corporate Advisors and fulfill these roles for external organizations. Executive Advisors will not be appointed. Special Corporate Advisors will serve part-time without compensation. Their term of office will not be renewed after they reach the age of 80.

#### Environment

Looking toward the “Environmental Vision 2050” which was formulated with the aim of helping to bring about a sustainable society, the Panasonic Group will promote efforts that involve reducing energy used by Panasonic, while generating energy in excess of such amounts consumed, by developing products, technologies and solutions relating to creation, storage, and conservation of energy and energy management. Moreover, with respect to reducing CO<sub>2</sub> emissions, the Group has been promoting energy conservation at factories and other such locations, and drawing on renewable energy, having set the goal of ensuring that the Group’s own business activities produce zero emissions by the year 2050.

#### Human Resources Strategy

In order to create new business and achieve growth by being closer to its customers in markets with growth potential, the Panasonic Group has been reorganizing its workplace environments and systems that enable each of its employees to work in a rewarding environment and grow as individuals, regardless of nationality or length of service. More specifically, the Group has been promoting and strengthening its locally-based talent management committees, whose membership consists of those in positions of responsibility within respective regions, thereby enabling it to move at a more rapid pace with respect to making employee assignments and engaging in career development in a manner that extends across companies and nations. Also, the Group has been successively adopting mechanisms that include a global human resources database system which makes it possible to monitor skills, experience and other attributes of individual employees, as well as a performance management system that gauges results of employees and hastens the process of human resources development on the basis of an approach that is consistent across global operations.

(7) Financial Summary  
 Consolidated business results and financial condition  
 [U.S. GAAP]

Fiscal period	FY2015	FY2016
Net sales (billions of yen)	7,715.0	7,553.7
Income before income taxes (billions of yen)	182.5	217.0
Net income attributable to Panasonic Corporation (billions of yen)	179.5	193.3
Basic net income attributable to Panasonic Corporation common shareholders per share (yen)	77.65	83.40
Total assets (billions of yen)	5,956.9	5,597.0
Panasonic Corporation shareholders' equity (billions of yen)	1,823.3	1,705.1
Panasonic Corporation shareholders' equity per share (yen)	788.87	734.62

[International Financial Reporting Standards (IFRS)]

Fiscal period	Beginning of FY2016 (reference)	FY2016 (reference)	FY2017	FY2018 (current fiscal year)
Net sales (billions of yen)	–	7,626.3	7,343.7	7,982.2
Operating profit (billions of yen)	–	230.3	276.8	380.5
Profit before income taxes (billions of yen)	–	227.5	275.1	378.6
Net profit attributable to Panasonic Corporation stockholders (billions of yen)	–	165.2	149.4	236.0
Basic earnings per share attributable to Panasonic Corporation stockholders (yen)	–	71.30	64.33	101.20
Total assets (billions of yen)	5,820.8	5,488.0	5,983.0	6,291.1
Panasonic Corporation stockholders' equity (billions of yen)	1,535.5	1,444.4	1,571.9	1,707.6
Panasonic Corporation stockholders' equity per share (yen)	664.36	622.34	673.93	732.12

(Notes) 1. From fiscal 2017, Panasonic Corporation's consolidated financial statements are prepared in conformity with International Financial Reporting Standards (IFRS). In fiscal years prior to adoption of IFRS, they are prepared in conformity with U.S. GAAP.

2. Amounts less than ¥100 million are rounded to the nearest ¥100 million.

[U.S. GAAP]

- In fiscal 2015, sales were at the same level as in fiscal 2014 mainly due to strong sales in solar photovoltaic systems and automotive-related business, despite the impact of weakening demand after the consumption tax hike in April 2014. Regarding earnings, profits benefited from improvements to challenging businesses, fixed cost reductions, and initiatives to streamline materials costs. However, pre-tax income declined due to the recognition of expenses including those related to business restructuring, litigation, and market-related measures. Net income attributable to Panasonic Corporation increased mainly due to a decrease in provision for income taxes as a result of recording deferred tax asset.
- In fiscal 2016, sales decreased mainly due to reduced sales of residential solar photovoltaic systems and downsizing the TV business to focus on improving profitability. Regarding earnings, the Company's profits increased due to fixed cost reductions including those for restructuring, initiatives to streamline materials costs, and improvements in the business structure. Pre-tax income exceeded the level a year ago, despite that the Company recorded business restructuring and litigation expenses. Net income attributable to Panasonic Corporation increased mainly due to a decrease in provision for income taxes as a result of recording deferred tax asset.

[International Financial Reporting Standards (IFRS)]

- In fiscal 2017, sales decreased amid substantial adverse effects of the strong yen in particular, despite a scenario of healthy performance in Japan with respect to sales of home appliances and the automotive-related business, along with favorable results overseas with respect to rechargeable batteries and electromechanical control devices. Regarding earnings, despite the increase of fixed cost as an upfront investment toward future growth and a negative effect of exchange rates, profit before income taxes increased mainly due to rationalization activities and the decreases of legal costs and business restructuring expenses. Meanwhile, net profit attributable to Panasonic Corporation stockholders decreased.

- Details of operations for fiscal 2018 are described in the preceding pages under "(1) Progress and Results during the Period".



## Business results and financial condition on a parent-alone basis

Fiscal period	FY2015	FY2016	FY2017	FY2018
Net sales (billions of yen)	3,852.4	3,782.3	3,655.2	4,056.1
Ordinary income (billions of yen)	190.2	213.8	247.7	321.0
Net income (loss) (billions of yen)	8.3	3.7	443.4	174.0
Net income (loss) per share (yen)	3.58	1.60	190.97	74.61
Total assets (billions of yen)	4,679.1	4,935.2	4,099.2	4,427.7
Net assets (billions of yen)	902.3	879.7	1,259.7	1,379.7
Net assets per share (yen)	390.29	378.85	539.73	591.03

(Note) Amounts less than ¥100 million are rounded to the nearest ¥100 million.

- In fiscal 2015, Panasonic recorded a decrease in sales, owing to factors such as a decrease in demand following the surge before the consumption tax hike in April 2014. Regarding earnings, sales decreased, but ordinary income increased, owing partly to fixed cost reductions as well as a decrease in non-recurring expenses. On the other hand, net income increased, despite the recognition of extraordinary loss such as loss on devaluation of stock in subsidiaries and affiliates and provision for business loss of subsidiaries and affiliates.
- In fiscal 2016, Panasonic recorded a decrease in sales, owing to factors such as a decrease in sales of residential solar photovoltaic systems. Regarding earnings, despite decrease in sales, ordinary income increased, owing partly to fixed cost reductions as well as an increase in dividend income. On the other hand, net income decreased due to the booking of extraordinary loss such as provision for business loss of subsidiaries and affiliates.
- In fiscal 2017, Panasonic recorded a decrease in sales, owing to factors such as the negative effect of exchange rates as a result of the yen appreciation, and a decrease in sales of residential solar photovoltaic systems. Regarding earnings, despite a decline in earnings resulted from a decrease in sales and a rise in fixed costs, ordinary income increased, owing partly to an increase in dividend income. While allowance for doubtful receivables from subsidiaries and affiliates and others were recorded as extraordinary loss, net income increased significantly due to the booking of gain on sales of subsidiaries and affiliates' stocks and others as extraordinary income.
- In fiscal 2018, Panasonic recorded an increase in sales, mainly attributable to automotive-related business. Regarding earnings, despite a decline in dividend income, ordinary income increased boosted partly by the rise in sales. On the other hand, net income significantly decreased due to a lack of gain on sales of subsidiaries and affiliates' stocks and others that was recorded as extraordinary income in fiscal 2017.

(8) Major Business Sites of the Panasonic Group

1) Major business sites of the Company

(as of March 31, 2018)

Name	Location in Japan
<b>Corporate head office</b>	Kadoma-shi, Osaka
<b>Corporate branch office</b>	
Government and External Relations Division	Minato-ku, Tokyo
<b>Research and development division</b>	
Technology Innovation Division	Kadoma-shi, Osaka
<b>Production divisions</b>	
Appliances Company	Kusatsu-shi, Shiga
Eco Solutions Company	Kadoma-shi, Osaka
Connected Solutions Company	Chuo-ku, Tokyo
Automotive & Industrial Systems Company	Kadoma-shi, Osaka

(Notes) 1. Locations of main offices of Divisions and Divisional Companies are listed above.

2. The sales divisions are included within the production divisions.

## 2) Principal domestic subsidiaries

(as of March 31, 2018)

Name	Common stock (millions of yen)	Ratio of voting right (%)	Principal businesses	Location in Japan
PanaHome Corporation	28,375	100.0	Construction of detached housing and rental apartment housing, contract and construction of home remodeling, sale of land and buildings	Toyonaka-shi, Osaka
Panasonic Smart Factory Solutions Co., Ltd.	15,000	100.0	Manufacture and sale of production equipment for electric/electronic machinery and industrial robots	Kadoma-shi, Osaka
Panasonic Ecology Systems Co., Ltd.	12,092	100.0	Manufacture and sale of ventilation, perflation, air-conditioning equipment and air purifiers, etc.	Kasugai-shi, Aichi
KMEW Co., Ltd.	8,000	50.0	Manufacture and sale of exterior building and housing related products	Osaka-shi, Osaka
Panasonic Consumer Marketing Co., Ltd.	1,000	100.0	Sale of various electric and electronic products	Osaka-shi, Osaka
Panasonic Liquid Crystal Display Co., Ltd.	500	100.0	Manufacture and sale of LCD panels	Himeji-shi, Hyogo
SANYO Electric Co., Ltd.	400	100.0*	Manufacture and sale of solar photovoltaic systems, rechargeable batteries and electronic components, etc.	Daito-shi, Osaka
Panasonic Semiconductor Solutions Co., Ltd.	400	100.0	Manufacture and sale of semiconductors, etc.	Nagaokakyo-shi, Kyoto
Panasonic System Solutions Japan Co., Ltd.	350	100.0	Manufacture and sale of surveillance cameras, settlement and construction verification terminals, IP-related equipment, etc.	Fukuoka-shi, Fukuoka

(Note) Percentages with an asterisk (\*) include indirect ownership.

### 3) Principal overseas subsidiaries

(as of March 31, 2018)

Name	Common stock (all currency in millions)	Ratio of voting right (%)	Principal businesses	Location in overseas
Panasonic Corporation of North America	US\$ 537.2	100.0*	Manufacture and sale of various electric and electronic products, and Regional headquarters functions	U.S.
Panasonic Avionics Corporation	US\$ 22.0	100.0*	Manufacture, sale and service of aircraft in-flight entertainment systems	U.S.
Husmann Corporation	US\$ –	100.0*	Manufacture, sale and service of commercial-use refrigerated and freezer showcases	U.S.
Panasonic do Brasil Limitada	BRL\$ 1,018.4	100.0	Manufacture and sale of various electric and electronic products	Brazil
Panasonic Europe Ltd.	Stg£ 199.9	100.0*	Regional headquarters and R&D functions	U.K.
Ficosa International S.A.	EUR 31.7	69.0*	Manufacture and sale of automotive components such as electric mirrors	Spain
Panasonic AVC Networks Czech s.r.o.	Czk 2,414.0	100.0*	Manufacture and sale of TV	Czech Republic
Panasonic Holding (Netherlands) B.V.	US\$ 0.2	100.0	Supervision of overseas subsidiaries and management of investment and financing	Netherlands
Panasonic Asia Pacific Pte. Ltd.	US\$ 1,478.2	100.0*	Manufacture and sale of various electric and electronic products, and Regional headquarters functions	Singapore
Panasonic India Pvt. Ltd.	INR 18,304.9	100.0*	Manufacture and sale of various electric and electronic products	India
Panasonic Taiwan Co., Ltd.	NT\$ 3,422.2	69.8	Manufacture and sale of various electric and electronic products	Taiwan
Panasonic Corporation of China	RMB 8,381.0	100.0	Sale of various electric and electronic products, and Regional headquarters functions	China
Panasonic Appliances Air-Conditioning (Guangzhou) Co., Ltd.	RMB 282.2	67.8*	Manufacture and sale of air conditioner-related products	China
Panasonic Automotive Systems Dalian Co., Ltd.	RMB 94.0	60.0*	Manufacture and sale of in-car electronic equipment	China

- (Notes) 1. Percentages with an asterisk (\*) include indirect ownership.  
2. Common stock of Husmann Corporation is zero as registered.

## (9) Employees

(as of March 31, 2018)

Segment	Number of employees
Appliances	64,037
Eco Solutions	51,095
Connected Solutions	31,549
Automotive & Industrial Systems	102,414
Other	22,639
Corporate	2,409
Total	274,143

- (Notes) 1. The number of employees refers solely to full-time employees of the Company on a consolidated basis.  
2. The number of employees has increased by 16,610 from the end of the preceding fiscal period.  
3. Of the total above, the number of employees at the parent company was as follows:

Number of employees	Average age	Average length of service (years)
61,311	45.6	22.9

## (10) Transfer of Businesses, etc.

The primary transactions with respect to the Panasonic Group during fiscal 2018 were as follows:

1. On April 1, 2017, Panasonic took over the B2B solutions related business of consolidated subsidiary Panasonic System Solutions Japan Co., Ltd. in an absorption-type company split.
2. On April 1, 2017, Panasonic absorbed and merged its consolidated subsidiary, Panasonic Industrial Devices Materials Koriyama Co., Ltd. and Panasonic Industrial Devices Materials Yokkaichi Co., Ltd.
3. In April 2017, Panasonic made Ficosa International S.A. ("Ficosa"), one of the companies under the equity method of Panasonic, a consolidated subsidiary of the Company, as the terms and condition for consolidation were satisfied. Subsequently in July, the Company completed an additional acquisition amounting to 20% of Ficosa's total number of issued shares, thereby bringing the Company's ratio of equity holdings in Ficosa to 69%.
4. On April 27, 2017, Panasonic acquired 56.66% of shares in Zetes Industries S.A. ("Zetes"), a European company of goods and people identification and mobility solutions businesses. The percentage of the total number of issued shares excludes treasury shares. Zetes became a consolidated subsidiary of the Company. Subsequently in June and July, the Company acquired additional Zetes shares, thereby making Zetes a wholly-owned subsidiary.
5. Panasonic made its consolidated subsidiary PanaHome Corporation a wholly-owned subsidiary upon having implemented a tender offer to acquire shares of its common stock over a tender offer period extending from April 28, 2017 through June 13, 2017, with PanaHome Corporation having conducted a share consolidation as of October 2, 2017, whereby fractional shares thereof were subsequently purchased by the Company. On April 1, 2018, PanaHome Corporation was renamed as Panasonic Homes Co., Ltd.
6. On April 2, 2018, Panasonic established Panasonic Equity Management Japan Co., Ltd. by means of incorporation-type company split, and caused transfer of the shares in and the long-term loan claims against its certain wholly-owned subsidiaries in Japan.

## (11) Other

The Company and its U.S. subsidiary, Panasonic Avionics Corporation ("PAC") were investigated by the U.S. Securities and Exchange Commission and the U.S. Department of Justice (the "DOJ") over certain transactions made by PAC with airline companies and the employment of agents and consultants associated with such transactions on allegations of violations of the U.S. Foreign Corrupt Practices Act and other securities-related laws of the U.S., and made the following agreement in May 2018:

1. The Company and PAC will pay a total of US\$ 280,602,830.93 to the U.S. government.
2. PAC will be monitored by a third party relating to compliance over the next two years.
3. Subsequently, PAC will make voluntary reports to the DOJ on compliance for a further year.

4. The Company will supervise the strengthening of a broad range of compliance and internal controls for the reform of PAC's corporate culture. Accepting the consequence of this incident sincerely, the Company will raise awareness about compliance within the Group as well as strengthen the supervision of subsidiaries on a global basis.

## 2. Stock Information (as of March 31, 2018)

(1) Number of Shares Authorized to Be Issued:	4,950,000,000
(2) Number of Shares Issued:	2,453,053,497
(3) Number of Shareholders:	485,053
(4) Major Shareholders (Top 10):	

Name	Share ownership (in thousands of shares)	Shareholding ratio (%)
Japan Trustee Services Bank, Ltd. (trust account)	167,229	7.17
The Master Trust Bank of Japan, Ltd. (trust account)	141,151	6.05
NIPPON LIFE INSURANCE COMPANY	69,056	2.96
MOXLEY AND CO LLC	44,864	1.92
Japan Trustee Services Bank, Ltd. (trust account 5)	43,657	1.87
Panasonic Corporation Employee Shareholding Association	41,159	1.76
STATE STREET BANK WEST CLIENT - TREATY 505234	40,827	1.75
SUMITOMO LIFE INSURANCE COMPANY	37,465	1.60
Japan Trustee Services Bank, Ltd. (trust account 7)	32,952	1.41
Japan Trustee Services Bank, Ltd. (trust account 1)	32,451	1.39

- (Notes)
1. The figures in Share ownership are rounded down to the nearest thousands of shares.
  2. Shareholding ratio is calculated by deducting the Company's treasury stock (120,718,303) and rounded down to two decimal places.
  3. The English names of foreign shareholders above are based on the General Shareholders Notification notified by Japan Securities Depository Center, Inc.

### 3. Status of Stock Acquisition Rights, etc. (Items Disclosed on the Internet)

#### (1) Summary of stock acquisition rights issued by the Company

Name	Stock acquisition rights allotment date	Number of stock acquisition rights	Class and number of shares to be acquired upon exercise of stock acquisition rights	Amount to be paid (per stock acquisition right)	Exercise price (per share)	Period during which stock acquisition rights may be exercised
Stock acquisition rights issued in August of fiscal year 2015	August 22, 2014	2,088	Common stock 208,800 shares	¥105,400	¥1	From August 23, 2014 to August 22, 2044
Stock acquisition rights issued in August of fiscal year 2016	August 20, 2015	1,729	Common stock 172,900 shares	¥112,400	¥1	From August 21, 2015 to August 20, 2045
Stock acquisition rights issued in August of fiscal year 2017	August 23, 2016	5,800	Common stock 580,000 shares	¥71,300	¥1	From August 24, 2016 to August 23, 2046
Stock acquisition rights issued in August of fiscal year 2018	August 23, 2017	3,561	Common stock 356,100 shares	¥112,800	¥1	From August 24, 2017 to August 23, 2047

#### (2) Status of stock acquisition rights delivered as compensation for the execution of duties by Directors as of March 31, 2018

Name	Number of stock acquisition rights	Class and number of shares to be acquired upon exercise of stock acquisition rights	Directors (excluding Outside Directors)	
			Number of holders	Number of stock acquisition rights held
Stock acquisition rights issued in August of fiscal year 2015	976	Common stock 97,600 shares	6 Directors	976
Stock acquisition rights issued in August of fiscal year 2016	759	Common stock 75,900 shares	6 Directors	759
Stock acquisition rights issued in August of fiscal year 2017	1,818	Common stock 181,800 shares	6 Directors	1,818
Stock acquisition rights issued in August of fiscal year 2018	1,575	Common stock 157,500 shares	8 Directors	1,575

(Note) No allotment was made to Outside Directors and Audit & Supervisory Board Members for this issuance of stock acquisition rights.

#### (3) Status of stock acquisition rights delivered as compensation for the execution of duties to employees during the current fiscal year

Name	Number of stock acquisition rights	Class and number of shares to be acquired upon exercise of stock acquisition rights	Executive Officers, etc.	
			Number of persons granted	Number of stock acquisition rights held
Stock acquisition rights issued in August of fiscal year 2018	1,986	Common stock 198,600 shares	32 Persons	1,986



## 4. Panasonic Directors and Audit & Supervisory Board Members, etc.

### (1) Directors and Audit & Supervisory Board Members, etc.

(Titles and responsibilities are all as of March 31, 2018)

Title	Name	Major responsibility	
Chairman of the Board	Shusaku Nagae	Chief Executive Officer (CEO)	
Vice Chairman of the Board	Masayuki Matsushita		
Representative Director, President	Kazuhiro Tsuga		
Representative Director, Executive Vice President	Yoshio Ito		
Representative Directors, Senior Managing Executive Officers	Mototsugu Sato		
Directors	Yasuyuki Higuchi		
	Masayuki Oku		
	Yoshinobu Tsutsui		
	Hiroko Ota		
Director, Managing Executive Officer	Kazuhiko Toyama		Chief Strategy Officer (CSO), Chief Human Resources Officer (CHRO) In charge of Business Development, Business Creation Project, and Panasonic Spin-up Fund CEO, Panasonic Holding (Netherlands) B.V. President, Connected Solutions Company
Director, Executive Officer	Jun Ishii		
	Hirokazu Umeda		
	Hirofumi Yasuhara		
Senior Audit & Supervisory Board Members	Mamoru Yoshida	Chief Risk Management Officer (CRO), Chief Compliance Officer (CCO), In charge of Corporate Governance Director, Risk & Governance Management Division In charge of General Affairs, Social Relations, Facility Management, and Executive Support Office Chief Financial Officer (CFO), In charge of Groupwide Cost Busters Project, and BPR Project	
Audit & Supervisory Board Members	Yoshio Sato		
	Toshio Kinoshita		
	Mitsuko Miyagawa		

- (Notes) 1. Masayuki Oku, Yoshinobu Tsutsui, Hiroko Ota and Kazuhiko Toyama are Outside Directors as stipulated in Article 2, Item 15 of the Companies Act. The Company sent notification of the statuses of these Directors as Independent Directors to the stock exchanges of Japan on which the Company's shares are publicly listed.
2. Yoshio Sato, Toshio Kinoshita and Mitsuko Miyagawa are Outside Audit & Supervisory Board Members as stipulated in Article 2, Item 16 of the Companies Act. The Company sent notification of the statuses of these Audit & Supervisory Board Members as Independent Audit & Supervisory Board Members to the stock exchanges of Japan on which the Company's shares are publicly listed.
3. Hirofumi Yasuhara has a considerable knowledge of finance and accounting accumulated through his experience serving as Representative Director and Senior Managing Executive Officer in charge of Control Group of PanaHome Corporation. Toshio Kinoshita has a considerable knowledge of finance and accounting through his long-standing involvement as a certified public accountant in the corporate accounting of global corporations in Japan and overseas.
4. Changes in Directors and Audit & Supervisory Board Members during fiscal 2018 were as follows.
- (1) Appointments  
At the 110th Ordinary General Meeting of Shareholders held on June 29, 2017, Yasuyuki Higuchi and Hirokazu Umeda were newly elected as Director, and each assumed office.
- (2) Retirement  
At the conclusion of the 110th Ordinary General Meeting of Shareholders held on June 29, 2017, Kazunori Takami, Hideaki Kawai, Yoshiyuki Miyabe, Tamio Yoshioka, Tetsuro Homma, Takashi Toyama and Yasuji Enokido retired from the office of Director upon the expiration of their terms.
5. On June 29, 2017, Panasonic added the positions such as CEO and CFO listed under the "Major responsibility" column with respect to Directors and Executive Officers in this section of the report (4. Panasonic Directors and

Audit & Supervisory Board Members, etc.), in order to more clearly indicate basic functions and roles that are essential with respect to executing business of the Company.

6. Important concurrently held positions of Directors are as follows:

Title	Name	Name of corporation or organization	Details
Directors	Shusaku Nagae	Japan Electronics and Information Technology Industries Association	Chairman
	Masayuki Matsushita	PHP Institute Inc.	Chairman
		The Konosuke Matsushita Memorial Foundation	President
		Matsushita Real Estate Co., Ltd.	President
		New Otani Co., Ltd.	Outside Director
		Hotel Okura Co., Ltd.	Outside Director
THE ROYAL HOTEL, LIMITED	Outside Director		
Kazuhiro Tsuga	The Tokyo Organising Committee of the Olympic and Paralympic Games	Vice Chairman	
Mototsugu Sato	Panasonic Corporate Pension Fund	President	
	Panasonic Health Insurance Organization	President	
Yasuyuki Higuchi	Faith, Inc.	Outside Director	

Details of important concurrently held positions by Outside Directors and Outside Audit & Supervisory Board Members can be found in (3) Outside Directors and Audit & Supervisory Board Members.

7. Directors, Audit & Supervisory Board Members, and Executive Officers as of April 1, 2018 are as follows:

(1) Directors and Audit & Supervisory Board Members

Title	Name	Major responsibility
Chairman of the Board	Shusaku Nagae	Chief Executive Officer (CEO) President, Automotive & Industrial Systems Company  Chief Strategy Officer (CSO), Chief Human Resources Officer (CHRO) In charge of Business Development, General Affairs, Social Relations, and Business Creation Project CEO, Panasonic Holding (Netherlands) B.V. President, Connected Solutions Company  Chief Financial Officer (CFO), In charge of Groupwide Cost Busters Project and BPR Project President, Panasonic Equity Management Japan Co., Ltd. (as of April 2)
Vice Chairman of the Board	Masayuki Matsushita	
Representative Director, President	Kazuhiro Tsuga	
Representative Director, Executive Vice President	Yoshio Ito	
Representative Directors, Senior Managing Executive Officers	Mototsugu Sato	
	Yasuyuki Higuchi	
Directors	Masayuki Oku	
	Yoshinobu Tsutsui	
	Hiroko Ota	
	Kazuhiko Toyama	
Director, Managing Executive Officer	Hirokazu Umeda	
Director	Jun Ishii	
	Hirofumi Yasuhara	
Senior Audit & Supervisory Board Members	Mamoru Yoshida	
Audit & Supervisory Board Members	Yoshio Sato	
	Toshio Kinoshita	
	Mitsuko Miyagawa	

(2) Executive Officers who are not concurrently serving as Directors

Title	Name	Major responsibility
Senior Managing Executive Officers	Yoshiyuki Miyabe	Chief Technology Officer (CTO), Chief Manufacturing Officer (CMO), Chief Quality Officer (CQO), Chief Procurement Officer (CPO), Chief Information Officer (CIO)
	Tetsuro Homma	CEO, Appliances Company In charge of Consumer Business and FF Customer Support & Management
	Masahisa Shibata	Senior Vice President, Automotive & Industrial Systems Company In charge of Automotive Business
	Makoto Kitano	President, Eco Solutions Company In charge of Construction Safety Regulations Administration Department
Managing Executive Officers	Takashi Toyama	Representative in Tokyo In charge of Government and External Relations Director, Government and External Relations Division In charge of Tokyo Olympic & Paralympic Business Promotion
	Laurent Abadie	COO, Panasonic Holding (Netherlands) B.V. Regional Head for Europe & CIS Chairman & CEO, Panasonic Europe Ltd. Managing Director, Panasonic Marketing Europe GmbH
	Yukio Nakashima	In charge of Customer Satisfaction, Senior Vice President, Appliances Company In charge of Consumer Marketing Director, Consumer Marketing Sector for Japan Region
	Daizo Ito	Regional Head for India, South Asia, Middle East and Africa Chairman, Panasonic India Pvt. Ltd. Senior Vice President, Eco Solutions Company In charge of Global Marketing
	Toshiyuki Takagi	Senior Vice President, Appliances Company President, Air-Conditioner Company
	Shinji Sakamoto	Senior Vice President, Automotive & Industrial Systems Company In charge of Industrial Business
	Tatsuo Katakura	Senior Vice President, Connected Solutions Company In charge of Global Solution Business President, Panasonic System Solutions Japan Co., Ltd.
	Kenji Tamura	Senior Vice President, Automotive & Industrial Systems Company In charge of Energy Business

Title	Name	Major responsibility
Executive Officers	Masahiro Ido	In charge of Solution Sales Director, Business Solutions Division In charge of MICE Business Promotion Director, MICE Business Promotion Division Director, Tokyo Olympic & Paralympic Enterprise Division
	Satoshi Takeyasu	Chief Brand Communications Officer (CBCO) Director, Groupwide Brand Communications Division In charge of Facility Management and Corporate Sports Promotion
	Junichiro Kitagawa	Vice President, Appliances Company In charge of Overseas Marketing Director, Consumer Marketing Division
	Yuki Kusumi	Vice President, Automotive & Industrial Systems Company Director, Automotive Energy Business Division, SANYO Electric Co., Ltd.
	Yoshiyuki Iwai	Vice President, Eco Solutions Company In charge of Legal Affairs, Intellectual Property, and Intelligence & Liaison
	Makoto Ishii	In charge of Information Systems and Logistics Vice President, Appliances Company In charge of Information Systems and Logistics
	Hiroyuki Aota	Vice President, Connected Solutions Company Director, Process Automation Business Division President, Panasonic Smart Factory Solutions Co., Ltd.
	Masashi Yamada	Vice President, Eco Solutions Company Director, Housing Systems Business Division
	Michiko Ogawa	In charge of Technics Brand Vice President, Appliances Company In charge of Technology Director, Corporate Engineering Division General Manager, Technics Business Promotion
	Hirotooshi Uehara	Vice President, Automotive & Industrial Systems Company Director, Automotive Infotainment Systems Business Division
	Eiichi Katayama	In charge of Strategic Business Vice President, Eco Solutions Company In charge of AGE-FREE Business President, Panasonic Cycle Technology Co., Ltd.
	Mitsuki Wada	In charge of Procurement President, Global Procurement Company
	Thomas Gebhardt	Regional Head for North America Chairman & CEO, Panasonic Corporation of North America
	Akira Kono	Vice President, Appliances Company Director, Consumer Marketing Division (Japan), Consumer Marketing Sector for Japan Region
	Masashi Nagayasu	Vice President, Automotive & Industrial Systems Company Director, Automotive Marketing & Sales Division
	Ryuji Matsushita	Vice President, Eco Solutions Company In charge of Construction Business President, Panasonic Homes Co., Ltd.
	Manish Sharma	President, Panasonic India Pvt. Ltd. Vice President, Appliances Company
	Eiji Fujii	Vice President, Automotive & Industrial Systems Company In charge of Technology Director, Engineering Division
	Hiroyuki Tagishi	Vice President, Appliances Company Managing Director, Panasonic Appliances Asia Pacific

Title	Name	Major responsibility
Executive Officers	Kiyoshi Otaki	Vice President, Appliances Company In charge of Home Appliances Business
	Sadaaki Yokoo	Regional Head for China & Northeast Asia Chairman, Panasonic Corporation of China
	Masahiro Shinada	Vice President, Eco Solutions Company Director, Energy Systems Business Division Director, Solar Systems Business Unit
	Laurence W. Bates	General Counsel (GC), Chief Risk Management Officer (CRO), Chief Compliance Officer (CCO) Director, Risk & Governance Management Division
	Hideshi Fuchiue	Vice President, Appliances Company In charge of AVC Business
	Masaharu Michiura	Vice President, Eco Solutions Company In charge of Marketing for Japan Region Director, Marketing Division
	Toshinori Kishi	Vice President, Connected Solutions Company Director, Media Entertainment Business Division
	Shigeo Okuda	Vice President, Automotive & Industrial Systems Company In charge of Automotive Technology Director, Automotive Electronics Systems Business Division
	Tatsuo Ogawa	In charge of Manufacturing Innovation Director, Manufacturing Technology and Engineering Division In charge of Quality Administration and Environmental Affairs

## (2) Remuneration for Directors and Audit & Supervisory Board Members

### 1. Remuneration Policy

Remuneration for Directors and Audit & Supervisory Board Members of Panasonic is determined within the framework of the maximum total amounts of remuneration for Directors and Audit & Supervisory Board Members which has been determined respectively by resolution of a general meeting of shareholders. When determining remuneration for Directors, the optimal Nomination and Compensation Advisory Committee, a majority of whose members as well as whose chair are Outside Directors who are Independent Directors, discusses the suitability of the remuneration system and reports the results of its discussions to the Board of Directors.

The remuneration system comprises the "basic remuneration", which is a fixed remuneration, "performance based remuneration", which is a short-term incentive, and "stock-type compensation stock options", which is a long-term incentive.

The objective of "performance based remuneration" is to provide incentive to boost business performance, and it shall be determined based on performance evaluation of Panasonic as a whole and the specific businesses, of which a Director is in charge, using performance indicators, such as net sales, operating income, free cash flow, and CCM (Capital Cost Management)\*.

The objective for the allotment of "stock-type compensation stock options" is for Directors to share the same profit awareness with shareholders, and to engage in efforts to boost corporate value from a long-term perspective.

Only the "basic remuneration", which is the fixed remuneration, is paid to Outside Directors and Audit & Supervisory Board Members.

\* CCM is an indicator created by Panasonic to evaluate return on capital.

### 2. Amounts of Remuneration for Directors and Audit & Supervisory Board Members

Title	Number of persons	Amount (millions of yen)	Breakdown of Amount (millions of yen)		
			Basic remuneration	Performance based remuneration	Stock-type compensation stock options
Directors (Of which, Outside Directors)	19 (4)	1,153 (64)	736 (64)	239 (-)	178 (-)
Audit & Supervisory Board Members (Of which, Outside Audit & Supervisory Board Members)	5 (3)	114 (39)	114 (39)	-	-
Total	24	1,267	850	239	178

- (Notes)
- Seven Directors who retired at the conclusion of the 110th Ordinary General Meeting of Shareholders held on June 29, 2017 are included in the above figures for Number of persons and Amounts.
  - The remuneration limit for Directors has been determined to be an annual amount of ¥1,500 million by resolution of a general meeting of shareholders. (Resolution was passed at the 100th Ordinary General Meeting of Shareholders held on June 27, 2007.)
  - The remuneration limit for Outside Directors has been determined to be an annual amount of ¥80 million within the framework mentioned in 2. above by resolution of a general meeting of shareholders. (Resolution was passed at the 109th Ordinary General Meeting of Shareholders held on June 24, 2016.)
  - The remuneration limit related to the allotment of stock-type compensation stock options to Directors has been determined to be ¥500 million by resolution of a general meeting of shareholders. (Resolution was passed at the 107th Ordinary General Meeting of Shareholders held on June 26, 2014. This amount is outside the framework of the remuneration limit mentioned in 2. above.)
  - The remuneration limit for Audit & Supervisory Board Members has been determined to be an annual amount of ¥140 million by resolution of a general meeting of shareholders. (Resolution was passed at the 100th Ordinary General Meeting of Shareholders held on June 27, 2007.)
  - Amounts less than one million yen have been rounded to the nearest million yen.

(3) Outside Directors and Audit & Supervisory Board Members

1. Important concurrently held positions

(as of March 31, 2018)

Title	Name	Name of corporation or organization	Details
Outside Directors	Masayuki Oku	Kao Corporation Komatsu Ltd. CHUGAI PHARMACEUTICAL CO., LTD. The Bank of East Asia, Limited Nankai Electric Railway Co., Ltd.	Outside Director Outside Director Outside Director Non-executive Director Outside Audit & Supervisory Board Member
	Yoshinobu Tsutsui	NIPPON LIFE INSURANCE COMPANY Imperial Hotel, Ltd. Sumitomo Mitsui Financial Group, Inc. West Japan Railway Company	Chairman Outside Director Outside Director Outside Audit & Supervisory Board Member
	Hiroko Ota	NATIONAL GRADUATE INSTITUTE FOR POLICY STUDIES JXTG Holdings, Inc. Mizuho Financial Group, Inc.	Professor Outside Director Outside Director
	Kazuhiko Toyama	Industrial Growth Platform, Inc. Japan Human Resources Co., Ltd. Tokyo Electric Power Company Holdings, Inc.	Representative Director and CEO Outside Director Outside Director
Outside Audit & Supervisory Board Members	Yoshio Sato	SUMITOMO LIFE INSURANCE COMPANY YOMIURI TELECASTING CORPORATION SAKATA INX CORPORATION	Chairman Outside Director Outside Audit & Supervisory Board Member
	Toshio Kinoshita	Global Professional Partners Corporation ASATSU-DK INC. TACHI-S CO., LTD. Mizuho Bank, Ltd. Cool Japan Fund Inc. WEATHERNEWS INC. Denka Company Limited	President Outside Director Outside Director Outside Director Outside Audit & Supervisory Board Member Outside Audit & Supervisory Board Member Outside Audit & Supervisory Board Member
	Mitsuko Miyagawa	TMI Associates S.T. CORPORATION	Attorney at Law Outside Director

(Notes) 1. NIPPON LIFE INSURANCE COMPANY and SUMITOMO LIFE INSURANCE COMPANY are major shareholders (top 10) of Panasonic, but both have shareholding ratios of less than 3%.

2. There are no transactions exceeding 1% of consolidated net sales of either party between the Company and the other organizations where concurrent positions are held by Outside Directors and Outside Audit & Supervisory Board Members.

3. There are no noteworthy relationships between the Company and corporations and organizations except the relationships mentioned in 1., 2. above.



## 2. Major activities during fiscal 2018

Position	Name	Major activities
Outside Directors	Masayuki Oku	Attended 12 of the 13 meetings of the Board of Directors and actively made remarks in deliberation of proposed resolutions based on his extensive experience and deep insight as a corporate manager of a megabank. In addition, he was a member of the Nomination and Compensation Advisory Committee.
	Yoshinobu Tsutsui	Attended 11 of the 13 meetings of the Board of Directors and actively made remarks in deliberation of proposed resolutions based on his extensive experience and deep insight as a corporate manager in the life insurance business.
	Hiroko Ota	Attended all of the 13 meetings of the Board of Directors and actively made remarks in deliberation of proposed resolutions based on her extensive experience and deep insight regarding economy and finance. In addition, she was a chairperson of the Nomination and Compensation Advisory Committee.
	Kazuhiko Toyama	Attended 12 of the 13 meetings of the Board of Directors and actively made remarks in deliberation of proposed resolutions based on his extensive experience and deep insight as a management consultant. In addition, he was a member of the Nomination and Compensation Advisory Committee.
Outside Audit & Supervisory Board Members	Yoshio Sato	Attended all of the 13 meetings of the Board of Directors and all of the 15 meetings of the Audit & Supervisory Board and actively made remarks based on his extensive experience and deep insight as a corporate manager in the life insurance business.
	Toshio Kinoshita	Attended 12 of the 13 meetings of the Board of Directors and 14 of the 15 meetings of Audit & Supervisory Board and actively made remarks based on his extensive experience and deep insight as a certified public accountant and outside officer.
	Mitsuko Miyagawa	Attended all of the 13 meetings of the Board of Directors and all of the 15 meetings of Audit & Supervisory Board and actively made remarks based on her extensive experience and deep insight as an attorney at law and outside officer.

In relation to certain transactions made by the Company's U.S. subsidiary, Panasonic Avionics Corporation ("PAC"), with airline companies and the employment of agents and consultants for such transactions, the Company and PAC came to an agreement in May 2018 with the U.S. Securities and Exchange Commission and the U.S. Department of Justice over making payments of US\$ 280,602,830.93 to the U.S. government and making efforts to improve compliance with respect to the investigation of alleged violations of the U.S. Foreign Corrupt Practices Act and other securities-related laws of the U.S.

Outside Directors Mr. Oku, Mr. Tsutsui and Ms. Ota, and Outside Audit & Supervisory Board Members Mr. Sato and Mr. Kinoshita were not aware of these violations until they were discovered despite the fact that they had been committed during their term of office, while Outside Director Mr. Toyama and Outside Audit & Supervisory Board Member Ms. Miyagawa were not in office at the time of these violations. Nevertheless, they have continuously upheld compliance with laws and regulations, and fulfilled the duties of their offices, in particular through contribution to meetings of the Board of Directors, striving to ensure consistent compliance with all applicable laws in the Company's business operations. In addition, they have performed their duties by giving direction as to the exhaustive investigation of these facts and prevention of recurrence, reviewing the details of the Company's initiative for prevention, etc. after these acts of violations were identified.

## 3. Summary of contracts for limitation of liability

The Company has entered into contracts for limitation of liability with all Outside Directors and Outside Audit & Supervisory Board Members, respectively, which limit the amount of each Outside Director's and Outside Audit & Supervisory Board Member's respective liability, as defined under Article 423, Paragraph 1 of the Companies Act to the minimum amount stipulated in Article 425,

Paragraph 1 of the Companies Act, presuming they perform their respective duties in good faith and without gross negligence.

## 5. Accounting Auditors

- (1) Name of Accounting Auditors  
KPMG AZSA LLC

- (2) Remuneration, etc. Paid to Accounting Auditors for Fiscal 2018

Classification	Details	Amount (millions of yen)
(1)	Amount of remuneration, etc.	695
(2)	Total amount of cash and other property benefits to be paid by the Company and its subsidiaries	1,282

- (Notes) 1. The audit contract between the Company and its accounting auditors does not distinguish between remuneration for audits based on the Companies Act and remuneration for audits based on the Financial Instruments and Exchange Act. For this reason, the amount of (1) in the above table is presented in the aggregate amounts.
2. The Company and some of its consolidated subsidiaries paid compensation to accounting auditors for advisory services relating to accounting and tax matters and other services that are not covered by Article 2, Paragraph 1 of the Certified Public Accountants Act of Japan.
3. The financial statements and supplementary data of PanaHome Corporation and overseas subsidiaries and others are audited by accounting auditors other than KPMG AZSA LLC.

- (3) Grounds for Approval of Accounting Auditors' Remuneration, etc. by Audit & Supervisory Board

The Company's Audit & Supervisory Board reviewed matters including the content of the accounting auditors' audit plan, progress made in performing audits, and the basis on which remuneration estimates are calculated. After deliberating on these matters in accordance with the "Practical Guidelines Regarding Cooperation with Accounting Auditors" published by the Japan Audit & Supervisory Board Members Association, the Audit & Supervisory Board granted the consent required pursuant to Article 399, Paragraph 1 of the Companies Act for the compensation, etc. paid to the accounting auditors.

- (4) Policy regarding Decision to Dismiss or not Reappoint Accounting Auditor

In the event that dismissal of the accounting auditor is valid pursuant to any of the provisions of Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Board may dismiss the accounting auditor with the approval of all Audit & Supervisory Board Members.

In addition, in the event that appropriate audit by the accounting auditor is not expected for any reason, the Audit & Supervisory Board shall determine the content of a proposal calling for dismissal or non-reappointment of the accounting auditor, for submission to a general meeting of shareholders.

## 6. Systems and Policies of the Company

### (1) Corporate Governance of the Company

#### 1) Basic policy

The Company, since its establishment, has operated its business under its management philosophy, "contributing to the progress and development of society and the well-being of people worldwide through its business activities". Also, the Company believes it is important to increase corporate value by fulfilling accountability through dialogue with various stakeholders such as shareholders and customers, making effort to execute transparent business activities, and swiftly conducting business activities with fairness and honesty based on its basic philosophy of "a company is a public entity of society".

The Company recognizes that corporate governance is the important basic structure for the aforementioned purpose, and endeavors to establish and strengthen the effective corporate governance structure based on the Audit & Supervisory Board System composed of the Board of Directors and Audit & Supervisory Board Member / Audit & Supervisory Board.

#### 2) Corporate governance structure

In order to ensure swift and strategic decision-making, along with sound and appropriate monitoring at the same time, the Board of Directors of the Company, concentrates on decisions about the corporate strategies and the supervision of the Divisional Companies. Taking into consideration the diverse scope of its business operations, the Company has opted to maintain a system where Executive Officers, who are most familiar with the specifics of the operations, take an active part in the Board of Directors.

On the basis of this approach, in fiscal 2018, the Company has acted to strengthen its corporate governance structure by utilizing mechanisms that include the optional committees and the evaluation of the Board of Directors effectiveness, under the Board of Directors and the Audit & Supervisory Board Member / Audit & Supervisory Board structure, detailed as follows.

##### i) Board of Directors

The term of each Director is limited to one (1) year and all Directors are reelected at an annual general meeting of shareholders. The structure of the Board of Directors makes it possible to appropriately apply decisions of shareholders to management. The Board of Directors, which is composed of twelve (12) Directors including four (4) Outside Directors, of which one (1) is a woman (at least one-third of its Directors are Outside Directors), seeks to ensure the diversity of the knowledge, experience and qualifications of the Board of Directors as a whole. Chairman of the Board who is not involved in execution of business takes on the position of a chairman.

##### ii) Audit & Supervisory Board Members and Audit & Supervisory Board

The Audit & Supervisory Board is composed of five (5) Audit & Supervisory Board Members, of which three (3) are Outside Audit & Supervisory Board Members and one (1) is a woman. A majority of its members are Outside Audit & Supervisory Board Members to ensure independence of the Audit & Supervisory Board. From the standpoint of executing duties assigned to Audit & Supervisory Board Members, it includes two (2) members who have appropriate knowledge in finance and accounting.

##### iii) Nomination and Compensation Advisory Committee

The Company established the Nomination and Compensation Advisory Committee in 2015. Upon receiving inquiries from the Board of Directors, the committee deliberates on the results of internal reviews regarding the nomination of candidates for Director, Executive Officer, and Audit & Supervisory Board Member, and also on the appropriateness of the remuneration system for Directors and Executive Officers. In fiscal 2018, in addition to the aforementioned, the committee has also carried out deliberations regarding procedures for selecting candidates for successor to the President and regarding review of the Corporate Advisor System, and has reported such results to the Board of Directors.

As of March 31, 2018, the committee is composed of five (5) members, Outside Director Hiroko Ota (chairperson), Outside Director Masayuki Oku, Outside Director Kazuhiko Toyama, Chairman of the Board Shusaku Nagae, and Representative Director and President Kazuhiro Tsuga. The Company has enhanced the objectivity and transparency of the committee, by

ensuring that it is chaired by an Outside Director and that Outside Directors constitute a majority of its membership.

3) Conduct and utilization of evaluation of the Board of Directors effectiveness

The Company, to enhance effectiveness of the Board of Directors, conducts a survey to all the Board members who attend the meeting, and reports the results and evaluations of the survey at the Board.

**Items and results of the survey in fiscal 2018**

i) Items of the survey

- 1) Size and Composition of the Board of Directors
- 2) Operation of the Board of Directors
- 3) Discussion of mid-to-long term business strategy during the current fiscal year
- 4) Monitoring and decision-making function of the Board of Directors
- 5) Provision of information to Directors and Audit & Supervisory Board Members

ii) Results of the survey

Upon analyzing the results of the survey, the Company's findings with respect to the effectiveness of the Board of Directors are such that the current state of the Board is essentially appropriate in terms of its monitoring and decision-making function. Findings with respect to strengthening functions of the Board of Directors, however, included recommendations regarding the need to further expand discussions on mid-to-long term business strategy and compliance. As such, the Company is successively addressing such issues and implementing improvements.

\* For the independence standards for the Company's Outside Directors and Audit & Supervisory Board Members and the remuneration policy for Directors and Audit & Supervisory Board Members, please see "Overview of the Independence Standards for Outside Directors / Audit & Supervisory Board Members" (p.19-p.20) and "Remuneration Policy" (p.46), respectively.

(2) Systems for Ensuring the Properness of the Company's Operations

The Company's Board of Directors made the following resolution concerning the Company's basic policy regarding the development of internal control systems. It was decided at the Board of Directors' meeting held on July 31, 2017 that this basic policy should be continued with some amendments made to it to reflect the business environment, status of the Company, etc.

1) System for ensuring legal compliance in the performance of Directors' duties

The Company shall ensure legal compliance in the performance of Directors' duties by developing effective corporate governance and monitoring systems, as well as by ensuring total compliance awareness among Directors.

2) System for retention and management of information pertaining to the performance of Directors' duties

The Company shall properly retain and manage information on the performance of Directors' duties in accordance with all applicable laws and regulations and the internal rules of the Company.

3) Rules and other measures for financial risk management

The Company shall establish rules for risk management, and identify material risk through assessment of risks affecting management of the business. The Company shall also take countermeasures against each material risk, while monitoring the progress of such countermeasures with the aim of seeking continual improvement.

4) System for ensuring efficiency of the performance of Directors' duties

The Company shall ensure efficiency in the performance of Directors' duties by clarifying business goals based on its business strategies, and examining progress towards achievement of such goals, while seeking to expedite decision-making.

5) System for ensuring compliance with applicable laws in the performance of employees' duties

The Company shall seek to increase employees' awareness of compliance issues by clarifying the Company's compliance policy. The Company shall also ensure legal compliance in the performance of employees' duties by developing effective monitoring systems.

- 6) System for ensuring the properness of operations across the Panasonic Group  
While respecting the autonomy of each Group company's management practices, the Company shall fully ensure that Group companies adhere to the Company's management policy, management philosophy and basic policy regarding the development of internal control systems, and shall develop a system for reporting to the Company to thoroughly ensure proper operations of the Panasonic Group as a whole.
- 7) Employees who assist Audit & Supervisory Board Members in auditing, and such employees' independence from Directors  
The Company shall establish a body independent from Directors, tasked with enhancing the effectiveness of audits by Audit & Supervisory Board Members and facilitating the smooth performance of audits.
- 8) Ensuring effectiveness of instructions given by Audit & Supervisory Board Members to employees who assist Audit & Supervisory Board Members  
Staff members assisting the Audit & Supervisory Board Members, while still subject to the internal rules of the Company, shall be under the instruction and supervision of the respective Audit & Supervisory Board Members, and personnel-related matters shall be undertaken upon prior discussion with Audit & Supervisory Board Members.
- 9) System for Directors, employees and other staffs of the Company and its subsidiaries to report to the Company's Audit & Supervisory Board Members  
The Company shall ensure opportunities and systems that enable Directors, employees and other staffs of the Company and Group companies to properly report to the respective Audit & Supervisory Board Members, and moreover shall ensure opportunities and systems that enable audit & supervisory officers, who are non-statutory full-time auditors, of Divisional Companies and other such bodies, and Audit & Supervisory Board Members of Group companies to report to the Company's Audit & Supervisory Board Members.
- 10) System for ensuring that parties who have reported to Audit & Supervisory Board Members do not incur unfavorable treatment as a consequence of such reporting  
In ensuring opportunities and systems for Company and Group company employees and other staffs to report to Audit & Supervisory Board Members, the Company shall make sure that employees and other staffs who have duly reported do not incur unfavorable treatment as a consequence of such reporting.
- 11) Policy on management of expenses and debt incurred in execution of Audit & Supervisory Board Member duties  
The Company shall calculate budgets on an annual basis for expenses arising with respect to the execution of duties of Audit & Supervisory Board Members to ensure effectiveness of audits, and moreover shall provide pre-payment or reimbursement in accordance with laws and regulations with respect to expenses incurred beyond amounts budgeted.
- 12) Other systems for ensuring effective performance of audits by the Audit & Supervisory Board Members  
The Company shall have audit & supervisory officers assigned to Divisional Companies and other such entities to assist with audits by Audit & Supervisory Board Members. Moreover, the Company shall develop a system enabling effective performance of audits, including mutual cooperation with the accounting auditors and the internal auditing group, in accordance with the Audit Plan established by the Audit & Supervisory Board Members each year.

### **Status of Basic Policy Implementation in the Company**

- 1) System for ensuring legal compliance in the performance of Directors' duties
  - (i) The Company has established internal rules such as the Panasonic Code of Conduct and the Code of Ethics for Directors and Executive Officers, and endeavors to ensure that its Directors act in accordance with laws, regulations and the Company's Articles of Incorporation. Additionally, when Directors assume their positions, the Company provides them with opportunities to acquire the knowledge necessary to fulfill their roles and obligations, and during their terms of office it continues to provide Directors with opportunities to acquire the knowledge they need, including presentations on management and compliance by external experts as required.

- (ii) The Company strengthens its supervisory functions by ensuring that at least one-third of the Board of Directors' members are Outside Directors, and by providing opportunities for the Outside Directors to actively communicate through Board of Directors' meetings and other such occasions. Moreover, the Company has also established a Nomination and Compensation Advisory Committee which is chaired by an Outside Director, and a majority of its members are also Outside Directors, to ensure objectivity and transparency in the process of determining the nomination and remuneration of Directors.
  - (iii) Audits are conducted by Audit & Supervisory Board Members and the Audit & Supervisory Board. In addition, at the Divisional Companies, management committees have been established and audit & supervisory officers have been appointed, which correspond in function to the Board of Directors and the Audit & Supervisory Board Members, respectively.
- 2) System for retention and management of information pertaining to the performance of Directors' duties
- The minutes of meetings of the Board of Directors are prepared after each meeting of the Board of Directors and retained permanently by the section responsible for administration relating to the Board of Directors. Records of approval by the President are also retained permanently by the responsible department.
- 3) Rules and other measures for financial risk management
- Based on Basic Risk Management Regulations, the Company identifies material risks by collecting and assessing information on risks in an integrated and comprehensive fashion through the Global and Group (G&G) Risk Management Committee, and takes countermeasures proportionate to the materiality of each risk.
- 4) System for ensuring efficiency of the performance of Directors' duties
- (i) The Company expedites decision-making through Rules of Approval for Decision-making in Important Matters, clarification of the positions of Directors and Executive Officers, the delegation of authority to entities such as Divisional Companies and business divisions, the holding of "Group Strategy Meetings", and the implementation of an IT system that ensures the rapid and accurate collection and transmission of important management information.
  - (ii) The Company plans and implements measures to achieve the business goals it sets based on its business strategies by confirming and examining the status of progress towards the goals at the time of monthly settlement of accounts.
- 5) System for ensuring compliance with applicable laws in the performance of employees' duties
- (i) The Company has established internal rules such as the Panasonic Code of Conduct and implements various awareness-building activities such as its Compliance Awareness Month on a Company-wide basis as well as training tailored to specific employee levels and e-learning.
  - (ii) The Company seeks to detect improper acts at an early stage through operational audits and internal control audits, operating various types of hotlines in addition to other measures.
  - (iii) The Company is stepping up its efforts to implement fair business practices emphasizing compliance and taking measures to change its business environments accordingly by establishing organizations that perform the functions of promotion of fair business, business legal affairs, risk management, and administration of corporate governance.
  - (iv) The Company aims to resolutely prevent any association with anti-social forces (such as organized criminal networks) by assigning an employee in the division overseeing such preventative measures specifically to the task of blocking any relations with such forces.
- 6) System for Ensuring the Properness of Operations across the Panasonic Group
- (i) The Company ensures that basic policy for internal control systems is fully implemented by Group companies, and disseminates relevant information among Group companies. Initiatives to that end include: implementing the Panasonic Code of Conduct and the Rules of Approval for Decision-Making in Important Matters; establishing group-wide regulations respecting individual professional functions; dispatching Directors and Audit & Supervisory Board Members to Group companies and exercising the Company's shareholder rights thereof; establishing rules of governance that are to be observed by Group companies; conducting regular operational audits and internal control audits of Group companies through the internal auditing group, and; sharing and disseminating information on business objectives through management policy announcements.

- (ii) For publicly listed subsidiaries, the Company puts into effect those measures described above while taking into consideration the nature of such entities as publicly listed companies.
  - (iii) The framework described above ensures the properness of operations, thereby enabling the Panasonic Group to establish the internal controls necessary for financial reporting based on the Financial Instruments and Exchange Act.
- 7) Employees who assist Audit & Supervisory Board Members in auditing, and such employees' independence from Directors
- The Company has established the Audit & Supervisory Board Member's Office, whose dedicated staff is under the direct control of the Audit & Supervisory Board and separate from any operating function of the Company's business. The Company assigns Audit & Supervisory Board Member assistant staff members who possess appropriate capabilities and knowledge as required by the Audit & Supervisory Board Members.
- 8) Ensuring effectiveness of instructions given by Audit & Supervisory Board Members to employees who assist Audit & Supervisory Board Members
- (i) Respective Audit & Supervisory Board Members issue instructions to their staff members, and those staff members accordingly assist the Audit & Supervisory Board Members in performing their duties.
  - (ii) The Company consults with Audit & Supervisory Board Members in advance of undertaking personnel-related matters including employee transfers and other affairs involving staff members who assist the Audit & Supervisory Board Members.
- 9) System for Directors, employees and other staffs of the Company and its subsidiaries to report to the Company's Audit & Supervisory Board Members
- (i) Directors, employees and other staffs of the Company and Group companies report on business operations and other issues at respective regular meetings held by Audit & Supervisory Board Members and other such occasions, and also report as necessary at other important meetings with Audit & Supervisory Board Members, where their attendance has been requested. Moreover, Audit & Supervisory Board Members of Group companies report as necessary to the Company's Audit & Supervisory Board Members regarding content of reports at respective Group companies. Audit & supervisory officers conduct inquiries at respective Divisional Companies regarding business operations and issues at such Divisional Companies, and report such matters as necessary to the Company's Audit & Supervisory Board Members.
  - (ii) The Company has established an Audit Report System by which employees of the Company and Group companies directly report to the Company's Audit & Supervisory Board about irregularities or concerns in regards to accounting or auditing.
- 10) System for ensuring that parties who have reported to Audit & Supervisory Board Members do not incur unfavorable treatment as a consequence of such reporting
- The Company calls on departments associated with reported matters not to act unfavorably toward parties who have reported as a consequence of such reporting. Moreover, the Company enables parties to report matters anonymously under the Audit Report System, and prohibits unfavorable treatment of such parties as a consequence of such reporting in accordance with its Internal Reporting Rules.
- 11) Policy on management of expenses and debt incurred in execution of Audit & Supervisory Board Member duties
- (i) To ensure effectiveness of audits, the Company calculates preliminary budgets with respect to anticipated expenses required by Audit & Supervisory Board Members in executing their duties, in accordance with Audit & Supervisory Standards.
  - (ii) The Company also provides pre-payment or reimbursement for expenses paid under urgent or extraordinary circumstances in accordance with laws and regulations.
  - (iii) In making payment of audit expenses, Audit & Supervisory Board Members are required to remain mindful of efficiency and appropriateness in that regard.
- 12) Other systems for ensuring effective performance of audits by the Audit & Supervisory Board Members
- (i) Audit & supervisory officers tasked with monthly reporting and implementing liaison meetings are assigned to Divisional Companies and other such entities. Any decisions on personnel-related



matters involving the audit & supervisory officers require the agreement of Audit & Supervisory Board Members.

- (ii) The Company has established and operates the Panasonic Group Audit & Supervisory Board Members' Meeting chaired by the Company's Senior Audit & Supervisory Board Member, in order to facilitate cooperation among the Audit & Supervisory Board Members of the Company, the audit & supervisory officers of Divisional Companies and other such entities, and the Audit & Supervisory Board Members of Group companies.
- (iii) Representative Directors and Audit & Supervisory Board Members exchange opinions regularly and whenever necessary. Moreover, respective departments cooperate in implementing visiting audits of business offices inside and outside Japan conducted by Audit & Supervisory Board Members. Internal auditing groups also cooperate to enhance the effectiveness of audits carried out by Audit & Supervisory Board Members through collaboration with Audit & Supervisory Board Members, including reporting as appropriate to the Audit & Supervisory Board Members.
- (iv) When the accounting auditors formulate their audit plans, perform quarterly reviews, and conduct final audits, the Audit & Supervisory Board Members hold regular meetings with the accounting auditors at which they receive explanations and reports, and exchange opinions with the accounting auditors as necessary.

(Note) "Group companies" means subsidiaries as defined in the Companies Act.

### (3) Policy on Control of the Company

#### 1) Efforts to boost corporate value of the Company

Since the Company's foundation, Panasonic has operated its businesses under its management philosophy, which sets forth that Panasonic's mission as a business enterprise is to contribute to the progress and development of society and the well-being of people through its business activities, thereby enhancing the quality of life throughout the world. Honing strengths it has amassed in the manufacturing industry and collaborating with a variety of partners, the Company will also work to sustainably grow its corporate value to satisfy its shareholders, investors, customers, business partners, employees and all other stakeholders while offering "A Better Life, A Better World" for each customer.

In fiscal 2019, Panasonic will better identify areas where it will concentrate its management resources, and will otherwise promote its strategies geared to generating sustainable growth.

#### 2) Measures against large-scale purchase

Panasonic has a basic policy that shareholders should make final decision in the event that a large-scale purchase of the Company's shares is offered, regarding whether or not the offer should be accepted. However, in such cases, there is a possibility that shareholders might not be provided with sufficient information required to make appropriate decisions, and a concern that corporate value and shareholder interest might be significantly damaged.

Panasonic will take appropriate measures within the scope permitted by the Financial Instruments and Exchange Act, the Companies Act, and other related laws and regulations, including requesting any party proposing a Large-scale Purchase of the Company's shares to provide sufficient information necessary to assist shareholders in making appropriate decisions, expressing or disclosing opinions or other statements from the Board of Directors, and endeavoring to secure sufficient time for shareholders to consider the proposed purchase. Before the Board of Directors' opinions or other statements are expressed or disclosed, the Company will set up an independent committee comprising Outside Directors and Outside Audit & Supervisory Board Members and the Board of Directors will consult this committee regarding its opinion and treat the committee's verdict with the utmost respect.

### (4) Policy on Appropriation of Retained Earnings for Dividend Payments, etc.

Since its foundation, Panasonic has managed its businesses under the concept that returning profits to shareholders is one of its most important policies. From the perspective of providing returns on the capital investment made by shareholders, the Company, in principle, distributes profits to shareholders based on its business performance and strives to provide stable and continuous dividends, targeting a dividend payout ratio of approximately 30% with respect to consolidated net profit attributable to Panasonic Corporation stockholders. Regarding the repurchase of treasury stock, the Company is fundamentally repurchasing its own shares as it considers appropriate, taking comprehensively into consideration strategic investments and the Company's financial condition, with the aim of increasing shareholder value per share and return on capital.

In view of this basic policy as well as its current financial position, Panasonic expects to pay an annual dividend of ¥30 per share for fiscal 2018, which includes the interim dividend of ¥10 per share paid on November 30, 2017 and a year-end dividend of ¥20 per share.

In fiscal 2018, the Company did not repurchase its treasury stock except for acquiring shares of less than one trading unit and other minor transactions.

The Company will continue its efforts to boost its operating performance and improve its financial position with the aim of returning profits to shareholders.

## Consolidated Financial Statements

The consolidated financial statements of Panasonic Corporation (the "Company") are prepared in conformity with International Financial Reporting Standards (IFRS).

### Consolidated Statement of Financial Position

(As of March 31, 2018)

(millions of yen)

#### **Assets**

##### **Current assets**

	<b>3,485,958</b>
Cash and cash equivalents .....	1,089,585
Trade receivable .....	1,038,984
Other financial assets .....	203,557
Inventories .....	988,609
Other current assets .....	165,223

##### **Non-current assets**

	<b>2,805,190</b>
Investments accounted for using the equity method .....	147,959
Other financial assets .....	166,466
Property, plant and equipment .....	1,374,066
Goodwill and intangible assets .....	738,251
Other non-current assets .....	378,448

##### **Total assets**

**6,291,148**

(millions of yen)

## Liabilities

<b>Current liabilities</b>	<b>3,097,935</b>
Short-term debt, including current portion of long-term debt .....	375,392
Trade payables .....	1,146,476
Other financial liabilities .....	304,977
Other current liabilities .....	1,271,090
<b>Non-current liabilities</b>	<b>1,310,928</b>
Long-term debt .....	864,052
Other financial liabilities .....	18,623
Other non-current liabilities .....	428,253
<b>Total liabilities</b>	<b>4,408,863</b>
<b>Equity</b>	
<b>Panasonic Corporation stockholders' equity</b>	<b>1,707,551</b>
Common stock .....	258,740
Capital surplus .....	527,408
Retained earnings .....	1,300,336
Other components of equity .....	(168,259)
Treasury stock .....	(210,674)
<b>Non-controlling interests</b>	<b>174,734</b>
<b>Total equity</b>	<b>1,882,285</b>
<b>Total liabilities and equity</b>	<b>6,291,148</b>

## Consolidated Statement of Profit

(From April 1, 2017 to March 31, 2018)

	(millions of yen)
Net sales .....	7,982,164
Cost of sales .....	<u>(5,642,952)</u>
<b>Gross profit</b>	<b>2,339,212</b>
Selling, general and administrative expenses .....	(1,938,010)
Share of profit of investments accounted for using the equity method.....	10,074
Other income (expenses), net.....	<u>(30,737)</u>
<b>Operating profit</b>	<b>380,539</b>
Financial income .....	22,772
Financial expenses .....	<u>(24,721)</u>
<b>Profit before income taxes</b> .....	<b>378,590</b>
Income taxes .....	<u>(126,563)</u>
<b>Net profit</b> .....	<b>252,027</b>
Net profit attributable to:	
<b>Panasonic Corporation stockholders</b> .....	<b>236,040</b>
Non-controlling interests .....	<u>15,987</u>

(Note) "Other income (expenses), net" includes business restructuring expenses of ¥25,238 million (mainly consists of impairment losses) and others.

## Consolidated Statement of Changes in Equity

(From April 1, 2017 to March 31, 2018)

(millions of yen)

	Common stock	Capital surplus	Retained earnings	Other component of equity	Treasury stock	Panasonic Corporation shareholders' equity	Non-controlling interests	Total equity
<b>Balances as of April 1, 2017</b>	<b>258,740</b>	<b>636,905</b>	<b>1,051,445</b>	<b>(164,632)</b>	<b>(210,569)</b>	<b>1,571,889</b>	<b>188,046</b>	<b>1,759,935</b>
Comprehensive income (loss)								
Net profit			236,040			236,040	15,987	252,027
Remeasurements of defined benefit plans				61,560		61,560	102	61,662
Financial assets measured at fair value through other comprehensive income				6,410		6,410	35	6,445
Exchange differences on translation of foreign operations				(13,249)		(13,249)	6,397	(6,852)
Net changes in cash flow hedges				1,620		1,620	6	1,626
Total comprehensive income	–	–	236,040	56,341	–	292,381	22,527	314,908
Transfer to hedged non-financial assets				(561)		(561)		(561)
Transfer from other components of equity to retained earning			71,161	(71,161)		–		–
Cash dividends			(58,310)			(58,310)	(20,053)	(78,363)
Changes in treasury stock		(3)			(105)	(108)		(108)
Purchase of subsidiaries						–	21,126	21,126
Transactions with non-controlling interests and other		(109,494)		11,754		(97,740)	(36,912)	(134,652)
<b>Balances as of March 31, 2018</b>	<b>258,740</b>	<b>527,408</b>	<b>1,300,336</b>	<b>(168,259)</b>	<b>(210,674)</b>	<b>1,707,551</b>	<b>174,734</b>	<b>1,882,285</b>

# Notes to Consolidated Financial Statements

## Basis of Presentation of Consolidated Financial Statements

### 1. Accounting standard applied to Consolidated Financial Statements

The Company prepares its consolidated financial statements on the basis of International Financial Reporting Standards ("IFRS"), in compliance with Article 120, Paragraph 1 of the Ordinance of Companies Accounting. However, in compliance with the second sentence of Article 120, Paragraph 1 of the Ordinance of Companies Accounting, certain disclosures and notes required on the basis of IFRS are omitted.

### 2. Scope of Consolidation and Application of the Equity Method

#### (1) Number of consolidated subsidiaries

591

#### (2) Number of companies under the equity method

88

### 3. Significant Accounting Policies

#### (1) Financial assets

##### 1) Non-derivative financial assets

##### (i) Initial recognition and measurement

Financial assets are initially recognized on the trade date or the date when the transaction was executed and are classified into either financial assets measured at amortized cost or financial assets measured at fair value as of the initial recognition. The financial assets measured at fair value are in principle designated as financial assets measured at fair value through other comprehensive income.

These financial assets are measured in principle at amount of fair value plus transaction costs directly attributable to these financial assets on the trade date or the date when the transaction was executed.

##### (ii) Subsequent measurement

The financial assets classified as measured at amortized cost are measured at amortized cost using the effective interest method, while interests thereon are recognized as financial income in profit or loss. For the financial assets classified as measured at fair value, changes in fair value are in principle recognized as other comprehensive income, and cumulative gain or loss is transferred to retained earnings when the assets are derecognized. However, dividend income is recognized as financial income in profit or loss.

For financial assets measured at amortized cost, an amount equivalent to the expected credit losses for 12 months or an amount equivalent to the expected credit losses for the whole period is recognized as allowance for doubtful receivables, in principle depending on whether or not there is a significant increase in the credit risk at the end of the fiscal year since the time when the credit risk was first recognized. For trade receivables, however, an amount equivalent to the expected credit losses for the whole period is recognized as allowance for doubtful receivables at all times.

The amount of the expected credit losses is calculated as the difference between the present value of the estimated future cash flows discounted at the initial effective interest rate for these financial assets and its carrying amount.

Allowance for doubtful receivables is recognized in profit or loss. If an event arises subsequently that reduces the allowance for doubtful receivables, the previously recognized allowance is reversed through profit or loss.

##### 2) Derivatives

Derivatives are initially recognized at fair value at the time when the contract is entered into, and measured at fair value thereafter. Changes in fair value are recognized in profit or loss.

- (2) Inventories  
Inventories are recognized at the lower of cost and net realizable value. Cost is principally calculated on average basis. Net realizable value is the estimated selling price less the estimated cost of completion and the estimated costs necessary to make the sale.
- (3) Property, plant and equipment  
Property, plant and equipment are measured using the cost model, and are depreciated using the straight-line method over their estimated useful lives. The depreciation method, estimated useful lives and residual values are reviewed at the end of each fiscal year and revised as necessary.
- (4) Goodwill and intangible assets  
Goodwill is measured as the excess of the total of consideration transferred, amount of non-controlling interests in the acquiree and fair value of the equity interest in the acquiree previously held by the acquirer over the net amount of identifiable assets acquired and the liabilities assumed on the acquisition date.  
Intangible assets are measured, at the initial recognition, using the cost model when such assets are acquired individually, and measured at fair value when acquired as part of a business combination. Intangible assets with definite useful lives are amortized using the straight-line method over their estimated useful lives. Intangible assets with indefinite useful lives are not amortized, but measured at the acquisition costs less accumulated impairment losses. The depreciation method, estimated useful lives and residual values are reviewed at the end of each fiscal year, and revised as necessary.
- (5) Impairment of non-financial assets  
Non-financial assets other than inventories, deferred tax assets, etc. with definite useful lives are assessed at the end of each fiscal year to determine whether there is any indication of impairment in each asset or cash-generating unit. If any such indication exists, the recoverable amount of the asset or the cash-generating unit is estimated and impairment test is conducted by comparing the recoverable amount against its carrying amount.  
In terms of goodwill and intangible assets with indefinite useful lives, regardless of whether or not there are indications of impairment, impairment test is performed annually. In addition, impairment test is performed whenever an indication of impairment becomes apparent.  
If the recoverable amount of an asset or a cash-generating unit is below its carrying amount, the carrying amount is reduced to the recoverable amount, and the difference is recognized as an impairment loss in profit or loss.
- (6) Provisions  
Provisions are recognized when Panasonic or its consolidated subsidiary has present legal or constructive obligations arising from past events, it is probable that outflows of resources embodying economic benefits will be required to settle the obligations, and the amount of obligation can be estimated reliably. When the effect of time value of money is material, provisions are measured by discounting the expenses expected to be necessary for settlement of obligations to the present value.
- (7) Employee benefits  
Panasonic and its consolidated subsidiaries have adopted defined benefit plans and defined contribution plans.  
The present value of obligations under the defined benefit plan and the service cost are calculated based on the actuarial calculations using the projected unit credit method. In addition, the funded status, which is the difference between the fair value of the plan assets and the obligations under the defined benefit plan projected based on the actuarial calculations is stated as asset or liability in the consolidated statement of financial position. The adjustments due to re-measurements of the present value of obligations under the defined benefit plan and the fair value of the plan assets are recognized in other comprehensive income immediately and transferred to retained earnings.



Service cost and net interest on the net defined benefit liability or asset are recognized in profit or loss. Past service cost is immediately recognized in profit or loss.  
Obligations for contributions to defined contribution plans are recognized as expenses during the period when the related service is provided.

- (8) Consumption tax and local consumption tax are excluded from all items in the consolidated statement of profit.

## Note to the Consolidated Statement of Financial Position

1. Allowance for doubtful receivables directly deducted from Trade receivables and Other financial assets ..... ¥ 19,203 million
2. Property, plant and equipment
  - Land ..... ¥ 251,063 million
  - Buildings and Structures ..... ¥ 1,547,677 million
  - Machinery and Equipment ..... ¥ 3,347,883 million
  - Construction in progress ..... ¥ 174,129 million
  - Accumulated depreciation and impairment losses ..... ¥(3,946,686) million
3. Deferred tax assets
  - Deferred tax assets included in Other non-current assets ..... ¥ 325,255 million
4. Provisions
  - Total provisions such as provisions for product warranties and provisions for restructuring included in Other current liabilities and Other non-current liabilities ..... ¥ 296,171 million
5. Other components of equity
  - Financial assets measured at fair value through other comprehensive income ..... ¥ 47,279 million
  - Exchange differences on translation of foreign operations ..... ¥ (216,355) million
  - Net changes in cash flow hedges ..... ¥ 817 million
6. Guarantees provided to third parties on bank loans and recourse obligation for trade receivables sold, etc. .... ¥ 39,729 million

## Notes on the Consolidated Statement of Changes in Shareholders' Equity

1. Type and number of shares issued as of the fiscal year-end
  - Common stock ..... 2,453,053,497
2. Type and number of shares of treasury stock as of the fiscal year-end
  - Common stock ..... 120,718,303
3. Dividends
  - (1) Dividends paid

Resolution	Type of share	Cash dividends (millions of yen)	Cash dividends per share (yen)	Record date	Effective date
May 11, 2017 Board of Directors' Meeting	Common stock	34,986	15.0	March 31, 2017	June 8, 2017
October 31, 2017 Board of Directors' Meeting	Common stock	23,324	10.0	September 30, 2017	November 30, 2017

- (2) Dividends with the record date in the fiscal year ended March 31, 2018 and the effective date in the following fiscal year

Resolution	Type of share	Cash dividends (millions of yen)	Cash dividends per share (yen)	Record date	Effective date
May 10, 2018 Board of Directors' Meeting	Common stock	46,647	20.0	March 31, 2018	June 8, 2018

4. Type and number of shares to be acquired upon exercise of stock acquisition rights (Excluding those for which the exercise periods have not yet started)  
Common stock..... 290,400

## Note to Financial Instruments

### 1. Status of Financial Instruments

Panasonic and its consolidated subsidiaries are exposed to various financial risks in the course of carrying out business activities (credit risk, liquidity risk and market risk). To avoid or reduce these risks, the Company and its consolidated subsidiaries manage these risks in accordance with certain policies. The Company and its consolidated subsidiaries limit the use of derivatives to means to mitigate risks associated with transactions for actual demand and do not own or issue any speculative derivatives.

### 2. Fair value information of Financial Instruments

Carrying amount and fair value of the financial instruments as of the end of the current fiscal year are as follows;

Financial instruments measured at fair value and financial instruments of which carrying amounts approximate to their fair value included in the Consolidated Statement of Financial Position, are not disclosed in the table below:

	(millions of yen)	
	Carrying amount	Fair value
Long-term debt, including current portion of long-term debt	980,129	990,684

The fair value of long-term debt is calculated based on quoted market prices or the present value of future cash flows using appropriate discount rates at the end of the current fiscal year.

## Per Share Information

Panasonic Corporation stockholders' equity per share .....	¥ 732.12
Earnings per share attributable to Panasonic Corporation stockholders (Basic) .....	¥ 101.20
Earnings per share attributable to Panasonic Corporation stockholders (Diluted) .....	¥ 101.15

## Significant Subsequent Events

Not applicable

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Regarding the year-end cash dividends for the fiscal year ended March 31, 2018, the Board of Directors resolved to pay ¥20 per share on May 10, 2018

# Financial Statements on a Parent-Along Basis of the Company

## Balance Sheet

(As of March 31, 2018)

(millions of yen)

### **Assets**

<b>Current assets</b> .....	<b>1,019,157</b>
Cash and deposits .....	23,250
Trade notes receivable .....	10,028
Trade accounts receivable .....	434,716
Merchandise and finished goods .....	159,687
Work in process .....	20,103
Raw materials and supplies .....	50,264
Other receivables .....	139,170
Short-term loan receivable from subsidiaries and affiliates.....	21,321
Deferred tax assets .....	87,169
Other current assets .....	76,553
Allowance for doubtful receivables .....	(3,104)
<b>Fixed assets</b> .....	<b>3,408,524</b>
<b>Net tangible fixed assets</b> .....	<b>421,274</b>
Buildings .....	156,945
Structures .....	4,934
Machinery and equipment .....	80,482
Vehicles .....	265
Tools, furniture and fixtures .....	36,314
Land .....	121,933
Leased assets .....	4,711
Construction in progress .....	15,690
<b>Intangibles</b> .....	<b>48,970</b>
Patent and trademark rights .....	2,401
Software .....	44,256
Right of using facilities .....	2,313
<b>Investments and advances</b> .....	<b>2,938,280</b>
Investment securities .....	62,025
Shares in subsidiaries and affiliates .....	690,868
Investments in equity, other than capital stock .....	8
Investments in subsidiaries and affiliates .....	858,996
Allowance for investment loss .....	(7,957)
Long-term loan receivable from subsidiaries and affiliates .....	2,204,572
Deferred tax assets .....	62,495
Other investments and other assets .....	11,196
Allowance for doubtful receivables .....	(943,923)
<b>Total assets</b> .....	<b>4,427,681</b>

(millions of yen)

**Liabilities**

<b>Current liabilities</b> .....	<b>2,144,996</b>
Trade notes payable .....	135,876
Trade accounts payable .....	434,813
Short-term borrowings from subsidiaries and affiliates.....	133,120
Short-term bonds.....	240,000
Current portion of bonds .....	100,000
Lease obligations .....	2,209
Other payables .....	28,088
Accrued expenses .....	377,095
Accrued income taxes .....	16,543
Advance receipts .....	2,745
Deposits received .....	548,215
Provision for bonuses .....	57,530
Provision for sales promotion .....	34,580
Provision for warranty .....	16,986
Provision for business loss of subsidiaries and affiliates .....	1,272
Other current liabilities .....	15,924
<b>Long-term liabilities</b> .....	<b>902,984</b>
Bonds .....	830,000
Lease obligations .....	3,176
Provision for employee retirement and severance benefits .....	45,628
Long-term deposits received .....	22,878
Other long-term liabilities .....	1,302
<b>Total liabilities</b> .....	<b>3,047,980</b>
<b>Net Assets</b>	
<b>Shareholders' Equity</b> .....	<b>1,358,177</b>
<b>Common stock</b> .....	<b>258,740</b>
<b>Capital surplus</b> .....	<b>558,948</b>
Other capital surplus .....	558,948
<b>Retained earnings</b> .....	<b>751,385</b>
Legal reserve .....	21,120
Other retained earnings .....	730,265
Retained earnings brought forward .....	730,265
<b>Treasury stock</b> .....	<b>(210,896)</b>
<b>Difference of valuation, translation and other adjustments</b> .....	<b>20,300</b>
Unrealized holding gains (losses) of available-for-sale securities, etc. ....	19,734
Deferred gain (loss) on hedges .....	566
<b>Stock acquisition rights</b> .....	<b>1,224</b>
<b>Total net assets</b> .....	<b>1,379,701</b>
<b>Total liabilities and net assets</b> .....	<b>4,427,681</b>

## Statement of Income

(From April 1, 2017 to March 31, 2018)

	(millions of yen)
Net sales .....	4,056,083
Cost of sales .....	(2,962,541)
<b>Gross profit</b> .....	<b>1,093,542</b>
Selling, general and administrative expenses .....	(897,333)
Interest and dividend income .....	124,034
Other income .....	63,882
Interest expense .....	(10,684)
Other expense .....	(52,418)
<b>Ordinary income</b> .....	<b>321,023</b>
Extraordinary income	
Gain on sales of fixed assets .....	3,472
Gain on extinguishment of tie-in shares .....	655
Extraordinary loss	
Impairment losses .....	(1,152)
Allowance for doubtful receivables from subsidiaries and affiliates .....	(72,259)
Loss on valuation of subsidiaries and affiliates' stocks .....	(4,055)
<b>Income before income taxes</b> .....	<b>247,684</b>
Income taxes	
Current .....	(54,276)
Deferred .....	(19,397)
<b>Net income</b> .....	<b>174,011</b>

## Statement of Changes in Shareholders' Equity

(From April 1, 2017 to March 31, 2018)

(millions of yen)

	Shareholders' equity							
	Common stock	Capital surplus		Legal reserve	Retained earnings		Treasury stock	Total of shareholders' equity
		Other capital surplus	Total of capital surplus		Other retained earnings	Total of retained earnings		
<b>Balances at beginning of period</b>	<b>258,740</b>	<b>558,951</b>	<b>558,951</b>	<b>15,289</b>	<b>620,395</b>	<b>635,684</b>	<b>(210,791)</b>	<b>1,242,584</b>
<b>Changes during the period</b>								
Provision of legal reserve				5,831	(5,831)	—		—
Dividends from retained earnings					(58,310)	(58,310)		(58,310)
Net income					174,011	174,011		174,011
Repurchase of treasury stock							(119)	(119)
Sale of treasury stock		(3)	(3)				14	11
Net changes of items other than shareholders' equity								
<b>Total changes during the period</b>	<b>—</b>	<b>(3)</b>	<b>(3)</b>	<b>5,831</b>	<b>109,870</b>	<b>115,701</b>	<b>(105)</b>	<b>115,593</b>
<b>Balances at end of period</b>	<b>258,740</b>	<b>558,948</b>	<b>558,948</b>	<b>21,120</b>	<b>730,265</b>	<b>751,385</b>	<b>(210,896)</b>	<b>1,358,177</b>

	Difference of valuation, translation and other adjustments			Stock acquisition rights	Total net assets
	Unrealized holding gains (losses) of available-for-sale securities, etc.	Deferred gain (loss) on hedges	Total of difference of valuation, translation and other adjustments		
<b>Balances at beginning of period</b>	<b>15,885</b>	<b>391</b>	<b>16,276</b>	<b>825</b>	<b>1,259,685</b>
<b>Changes during the period</b>					
Provision of legal reserve					—
Dividends from retained earnings					(58,310)
Net income					174,011
Repurchase of treasury stock					(119)
Sale of treasury stock					11
Net changes of items other than shareholders' equity	3,849	175	4,024	399	4,423
<b>Total changes during the period</b>	<b>3,849</b>	<b>175</b>	<b>4,024</b>	<b>399</b>	<b>120,016</b>
<b>Balances at end of period</b>	<b>19,734</b>	<b>566</b>	<b>20,300</b>	<b>1,224</b>	<b>1,379,701</b>

## Notes on the Basis of Presentation of Financial Statements on a Parent-Along Basis

### Summary of Significant Accounting Policies

1. Standards and methods for valuation of assets
  - (1) Securities  
Investments in subsidiaries and affiliates Valuation at cost, with cost determined by the moving average method  
Other securities  
Items with a market value: market valuation method based on year-end closing market price, etc. (The difference, net of tax, between acquisition cost and carrying market value of other securities is reported as a separate component of shareholders' equity. The cost of other securities sold is computed based on the moving average method.)  
Items with no market value: valuation at cost, with cost determined by the moving average method
  - (2) Derivatives ..... Fair value method
  - (3) Inventories  
Valuation at cost, with cost determined by the weighted average method (method of lowering carrying amount due to decline in profitability)
2. Method of depreciation and amortization of fixed assets
  - (1) Tangible fixed assets (Excluding leased assets)  
Straight-line method
  - (2) Intangibles  
Straight-line method
  - (3) Leased assets  
(Finance leases other than those that transfer ownership rights)  
Straight-line method over the lease term (useful life) with no residual value.
3. Accounting for allowances and provisions
  - (1) Allowance for doubtful receivables  
Allowance for doubtful receivables is provided at an amount calculated based on historical experience, while specific allowances for doubtful receivables are provided for the estimated amounts considered to be uncollectible after reviewing individual collectability.
  - (2) Allowance for investment loss  
Loss on investments in affiliated companies in Japan and overseas is estimated according to Company's policies and taking into consideration the financial condition of those companies.
  - (3) Provision for bonuses  
Provision for bonuses is provided at an amount calculated based on estimated bonus payments.
  - (4) Provision for sales promotion  
Based on the various sales promotion initiatives of Panasonic Corporation (the "Company"), estimates of costs related to sales commissions, product sales and other required expenses incurred for product promotion are recorded in accordance with prescribed Company standards.
  - (5) Provision for warranty  
Provision for warranty related to product after-sales services is made at an amount calculated for estimated service costs during the period of the warranty based on historical experience.
  - (6) Provision for business loss of subsidiaries and affiliates  
Provision for business loss of subsidiaries and affiliates is made at an estimated amount of loss.
  - (7) Provision for employee retirement and severance benefits  
Provision for employee retirement and severance benefits is made based on the projected benefit obligation and pension fund assets at the year-end. In calculating the projected benefit obligation, the Company attributed benefit to periods of service up to fiscal 2018 on a straight-line basis. Past service benefit is amortized on a straight-line basis over the average remaining service period of employees as occurred. Actuarial loss is amortized in the succeeding years on a straight-line basis over the average remaining service period of employees as occurred.
4. Other significant items related to the preparation of financial statements
  - (1) Basis of hedge accounting  
The Company applies deferral hedge accounting as defined in the accounting standards for financial instruments to its foreign exchange contracts and commodity futures trading.
  - (2) Consumption tax and local consumption tax  
Consumption tax and local consumption tax are excluded from all items in the statement of income.
  - (3) Tax consolidation  
The Company applies the framework of consolidated tax return.



## Notes on the Balance Sheet

1. Accumulated depreciation of tangible fixed assets .....	¥ 1,429,615 million
2. Contingent liabilities	
Recourse obligation for trade receivables sold .....	¥ 13,934 million
3. Receivables from and liabilities to subsidiaries and affiliates	
Short-term receivables from subsidiaries and affiliates .....	¥ 480,112 million
Long-term receivables from subsidiaries and affiliates .....	¥ 2,204,604 million
Short-term liabilities to subsidiaries and affiliates .....	¥ 960,354 million
Long-term liabilities to subsidiaries and affiliates .....	¥ 22,693 million

## Notes on the Statement of Income

1. Transactions with subsidiaries and affiliates	
Sales to subsidiaries and affiliates .....	¥ 2,753,528 million
Purchases from subsidiaries and affiliates .....	¥ 1,346,609 million
Turnover with subsidiaries other than sales and purchases .....	¥ 170,432 million
2. Details regarding gain on sales of fixed assets	
Gain on sales of fixed assets is composed of gain on sales of land, etc.	
3. Details regarding gain on extinguishment of tie-in shares	
Gain on extinguishment of tie-in shares resulted because Panasonic Industrial Devices Materials Koriyama Co., Ltd. and Panasonic Industrial Devices Materials Yokkaichi Co., Ltd. were absorbed and merged into the Company and the B2B solution related business of Panasonic System Solutions Japan Co., Ltd. was taken over by the Company in an absorption-type company split.	
4. Details regarding impairment losses	
The Company incurred impairment losses due to a reduction in the net carrying amount of manufacturing facilities, etc. to their recoverable amount in line with the deterioration in profitability.	
5. Details regarding allowance for doubtful receivables from subsidiaries and affiliates	
Allowance for doubtful receivables from subsidiaries and affiliates is composed of the estimated amounts of receivables considered to be uncollectible from subsidiaries and affiliates.	
6. Details regarding loss on valuation of subsidiaries and affiliates' stocks	
The Company incurred loss due to a reduction in the carrying amount of shares of subsidiaries and affiliates which had a significant decrease in substantial value and are considered not to be recoverable.	
7. Operating profit in this fiscal year increased by ¥150,308 million from a year ago because, in addition to increased profits arising from an increase in net sales, there included transfer pricing adjustments.	

## Notes on the Statement of Changes in Shareholders' Equity

Type and number of shares of treasury stock as of the fiscal year-end	
Common stock .....	120,718,303

## Notes to Tax-Effect Accounting

Breakdown of significant reasons for the recording of deferred tax assets and deferred tax liabilities:

### Deferred tax assets

Inventory provision .....	¥ 16,007 million
Accrued expenses .....	¥ 30,996 million
Depreciation and amortization .....	¥ 27,951 million
Allowance for doubtful receivables .....	¥ 319,078 million
Allowance for investment loss .....	¥ 2,419 million
Loss on valuation of subsidiaries and affiliates' stocks .....	¥ 347,972 million
Provision for business loss of subsidiaries and affiliates .....	¥ 387 million
Provision for employee retirement and severance benefits .....	¥ 13,871 million
Operating loss carryforwards .....	¥ 4,433 million
Others .....	¥ 93,667 million
Total gross deferred tax assets .....	¥ 856,781 million

Less valuation allowance .....

Net deferred tax assets .....	¥ (685,680) million
	¥ 171,101 million

### Deferred tax liabilities

Unrealized holding gains (losses) of available-for-sale securities, etc. ....	¥ (6,570) million
Subsidiaries and affiliates' stocks .....	¥ (8,955) million
Others .....	¥ (5,911) million
Total gross deferred tax liabilities .....	¥ (21,436) million
Net deferred tax assets .....	¥ 149,665 million

Notes to Transactions with Related Parties

(millions of yen)

Classification	Related parties	Ownership including voting right	Relationship Between Panasonic Corporation and related parties	Transactions	Amount of transactions	Account	As of March 31, 2018
Subsidiary	Panasonic Liquid Crystal Display Co., Ltd.	100.0%	Manufacture of products of the Company	Loan of funds (Note 1)	18,060	Long-term loan receivable from subsidiaries and affiliates (Note 2)	581,176
Subsidiary	SANYO Electric Co., Ltd.	*100.0%	Manufacture and sale of products of the Company; supply of materials and merchandise	Loan of funds (Note 1)	82,788	Long-term loan receivable from subsidiaries and affiliates (Note 2)	671,413
Subsidiary	Panasonic Semiconductor Solutions Co., Ltd.	100.0%	Manufacture of products of the Company; concurrent posts of executive officers	Loan of funds (Note 1)	25,788	Long-term loan receivable from subsidiaries and affiliates (Note 2)	122,674
Subsidiary	MT Picture Display Co., Ltd.	100.0%	Loan of funds	Loan of funds (Note 1)	1,432	Long-term loan receivable from subsidiaries and affiliates (Note 3)	—
Subsidiary	Panasonic Global Treasury Center B.V.	*100.0%	Deposit and lending of funds with the Company's subsidiaries and affiliates	Loan of funds (Note 4)	—	Long-term loan receivable from subsidiaries and affiliates	737,084
Subsidiary	Panasonic Holding (Netherlands) B.V.	100.0%	Management of investment and financing of the Company's foreign subsidiaries and affiliates; concurrent posts of executive officers	Underwriting of capital increase (Note 5)	304,740	—	—

(Note) \* (*asterisk*) indicates a ratio including indirect ownership.

Transaction conditions and policies in deciding the transaction conditions

- (Notes) 1. Interests are determined through mutual agreement in reference to market interest rates. The repayment period is three years. Amount of transactions for Loan of funds indicates an increase or a decrease from the beginning balance.
2. A total of ¥915,441 million of allowance for doubtful receivables has been made for long-term loan receivable from these subsidiaries. In addition, a total of ¥72,259 million of allowance for doubtful receivables has been made this fiscal year.
3. The amount of ¥101,668 million of long-term loan receivable in this fiscal year was directly written off.

4. Interests are determined through mutual agreement in reference to market interest rates. The repayment period is five years, and the period will be automatically renewed thereafter.
5. The increase in capital that the said subsidiary carried out to uniformly manage investments and financing of the Company's foreign subsidiaries and affiliates was underwritten by the Company using cash and contribution in kind of shares of the Company's foreign subsidiaries and affiliates.

## Notes to Business Combinations

1. The Company took over the B2B solution related business of Panasonic System Solutions Japan Co., Ltd. based on an absorption-type company split agreement concluded with the said company on April 1, 2017. The purpose for taking over the business was so that the Company could realize the flexible resource-shifting toward growth area and the establishment of the business structure that is classified according to industry type, while enabling the Company to provide a wide range of solutions for the customers in B2B market.

Details of business taken over in absorption-type company split	B2B solution related business	
Amounts of assets and liabilities of business division the Company succeeded to	Assets	¥54,785 million
	Liabilities	¥31,607 million

The aforementioned company split falls under the scope of a transaction under common control.

2. The Company implemented a tender offer to acquire the shares of common stock of PanaHome Corporation (its name changed to Panasonic Homes Co., Ltd. as of April 1, 2018) over a tender offer period extending from April 28, 2017 through June 13, 2017. Then on October 2, 2017, PanaHome Corporation performed a consolidation of shares, and by the Company purchasing the resulting fractional shares, PanaHome Corporation became a wholly owned subsidiary of the Company. The purpose was to address customer needs swiftly and precisely by sharing and utilizing management resources of both companies, thereby making it possible to further enhance the Group's value in the housing market and boost housing businesses, a key business field for the Group. The amount of consideration for the additional acquisition was ¥92,788 million, and it was settled by cash payment.

The aforementioned additional acquisition falls under the scope of a transaction under common control.

## Notes to per Share Data

Net assets per share .....	¥	591.03
Net income per share .....	¥	74.61
Net income diluted per share .....	¥	74.57

## Notes to Significant Subsequent Events

On April 2, 2018, the Company established Panasonic Equity Management Japan Co., Ltd. by means of incorporation-type company split, and caused transfer of the shares in and the long-term loan claims against its certain wholly-owned subsidiaries in Japan. The purpose of this incorporation-type company split was to establish a domestic intermediate holding company to enhance investment and collection management for Japanese subsidiaries of the Panasonic Group.

## Note to Application of Restrictions on Maximum Dividend Payments

The Company is subject to restrictions on maximum dividend payments on a consolidated basis.

## Other notes

All monetary amounts have been rounded to the nearest million yen.

**Audit Report** (from April 1, 2017 to March 31, 2018)

**Copy of Report of Accounting Auditors Concerning  
Consolidated Financial Statements**

Independent Auditor's Report

May 9, 2018

The Board of Directors  
Panasonic Corporation

KPMG AZSA LLC

Masahiro Mekada (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Kengo Chida (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Masaki Hirota (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated statement of financial position, the consolidated statement of profit, the consolidated statement of changes in equity and the related notes of Panasonic Corporation as at March 31, 2018 and for the year from April 1, 2017 to March 31, 2018 in accordance with Article 444-4 of the Companies Act.

**Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the second sentence of Article 120-1 of the Ordinance of Companies Accounting that prescribes some omissions of disclosure items required under International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider

internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of Panasonic Corporation and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared, in accordance with the second sentence of Article 120-1 of the Ordinance of Companies Accounting that prescribes some omissions of disclosure items required under International Financial Reporting Standards.

#### Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

#### Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

## Copy of Report of Accounting Auditors

### Independent Auditor's Report

May 9, 2018

The Board of Directors  
Panasonic Corporation

KPMG AZSA LLC

Masahiro Mekada (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Kengo Chida (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Masaki Hirota (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

We have audited the financial statements, comprising the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the supplementary schedules of Panasonic Corporation as at March 31, 2018 and for the year from April 1, 2017 to March 31, 2018 in accordance with Article 436-2-1 of the Companies Act.

#### Management's Responsibility for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial

statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of Panasonic Corporation for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

#### Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

#### Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.



# Copy of Report of the Audit & Supervisory Board

## Audit Report

The Audit & Supervisory Board, having received a report from each audit & supervisory board member on the method and results of his or her audit on the performance of duties of directors during the 111th fiscal period from April 1, 2017 to March 31, 2018, and, as a result of discussion, does hereby report the results of audit as follows:

1. Method and details of audit conducted by audit & supervisory board members and the Audit & Supervisory Board
  - (1) In addition to formulating audit policy and annual audit plans and receiving reports concerning the status and results of audits conducted by each audit & supervisory board member, the Audit & Supervisory Board received reports from directors and the accounting auditors regarding the performance of their duties and sought explanations when deemed necessary.
  - (2) Each audit & supervisory board member, in accordance with audit standards, policy and plans formulated by the Audit & Supervisory Board, sought to facilitate mutual understanding with directors, the internal auditing section and other employees, gathered information and worked to improve the environment for conducting audits. Accordingly, the audit & supervisory board members conducted the following audit:
    - (i) In addition to attending meetings of the Board of Directors and other important meetings, the audit & supervisory board members received reports from directors, the internal auditing section and other employees regarding the performance of their duties, and when deemed necessary, sought explanations, perused important documents including those subject to executive approval, and conducted examinations of conditions of business and assets at the head office and other major business offices. With respect to subsidiaries, the audit & supervisory board members sought to facilitate mutual understanding and exchange of information with the directors and audit & supervisory board members of subsidiaries, and when deemed necessary, received reports concerning the business of subsidiaries, visited their head offices and other major business offices, and conducted inquiries.
    - (ii) The audit & supervisory board members also periodically received reports from directors and other employees, sought explanations as necessary, and expressed their opinions regarding the contents of resolutions by the Board of Directors concerning the development of systems stipulated in Article 100, Paragraphs 1 and 3 of the Enforcement Regulations of the Companies Act, which are necessary to ensure that directors' performance of their duties is in conformity with laws and regulations and the Articles of Incorporation of the Company and to ensure the appropriateness of operations of the Company and its subsidiaries, as described in the business report, as well as the status of the building and management of the system developed pursuant to such resolutions (internal control system). In addition, the audit & supervisory board members received reports and sought explanations from directors and other employees of subsidiaries of the Company as necessary with regard to the status of building and management of the system.
    - (iii) The audit & supervisory board members examined the contents of the basic policy presented in the business report stipulated in Article 118, Item 3(a) of the Enforcement Regulations of the Companies Act, and each measure stipulated in Article 118, Item 3(b) of said act, in light of the status of discussions by the Board of Directors and others.
    - (iv) The audit & supervisory board members monitored and examined the independence of the accounting auditors and the appropriateness of audits conducted, received reports from the accounting auditors concerning the performance of their duties, and when deemed necessary, sought their opinions. In addition, the audit & supervisory board members received notice from the accounting auditors that the system to ensure the appropriateness of duties performed by accounting auditors (as stipulated in Article 131 of the Ordinance on Accounting of Companies) is in accordance with standards prescribed by laws and regulations and standards related to quality management for accounting audits, and when deemed necessary, sought their opinions.

Based on the above methods, the audit & supervisory board members conducted examinations of the Company's business report related to the fiscal period under review, the supplementary schedules, the financial statements on a parent-alone basis (balance sheet, statement of income, statement of changes in shareholders' equity, and notes on the basis of presentation of financial statements on a parent-alone basis), the supplementary schedules, and consolidated financial statements (consolidated statements of financial position, consolidated statements of profit, consolidated statements of changes in equity, and notes to consolidated financial statements).

### 2. Results of Audit

- (1) Results of audit of the business report, etc.

In the opinion of the Audit & Supervisory Board:

  - (i) The contents of the business report and its supplementary schedules present fairly the position of the Company pursuant to laws and regulations and the Articles of Incorporation.
  - (ii) With regard to the performance of duties of directors, no unfair conduct, nor any material breach of laws, regulations or the Company's Articles of Incorporation has been found.
  - (iii) The details of resolutions approved by the Board of Directors concerning the internal control system are proper and fair; in addition, no matters that necessitate comment have been found regarding the details defined in the Company's business report and performance of duties of directors both with respect to the internal control system.

(iv) No matters that necessitate comment have been found regarding the Policy on Control of the Company presented in the Company's business report.

(2) Results of audit of the financial statements on a parent-alone basis, the supplementary schedules and the consolidated financial statements

The method of audit employed by the accounting auditors KPMG AZSA LLC and the results thereof are proper and fair.

May 9, 2018

Audit & Supervisory Board

Hirofumi Yasuhara (Seal)

Senior Audit & Supervisory  
Board Member

Yoshio Sato (Seal)

Audit & Supervisory Board  
Member

Mitsuko Miyagawa (Seal)

Audit & Supervisory Board  
Member

Mamoru Yoshida (Seal)

Senior Audit & Supervisory  
Board Member

Toshio Kinoshita (Seal)

Audit & Supervisory Board  
Member

## Disclaimer Regarding Forward-Looking Statements

This Notice includes forward-looking statements (that include those within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended) about Panasonic and its Group companies (the Panasonic Group). To the extent that statements in this Notice do not relate to historical or current facts, they constitute forward-looking statements. These forward-looking statements are based on the current assumptions and beliefs of the Panasonic Group in light of the information currently available to it, and involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors may cause the Panasonic Group's actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. Panasonic undertakes no obligation to publicly update any forward-looking statements after the date of this Notice. Investors are advised to consult any further disclosures by Panasonic in its subsequent filings under the Financial Instrument and Exchange Act of Japan (the FIEA) and other publicly disclosed documents.

The risks, uncertainties and other factors referred to above include, but are not limited to, economic conditions, particularly consumer spending and corporate capital expenditures in the Americas, Europe, Japan, China and other Asian countries; volatility in demand for electronic equipment and components from business and industrial customers, as well as consumers in many product and geographical markets; the possibility that excessive currency rate fluctuations of the U.S. dollar, the euro, the Chinese yuan and other currencies against the yen may adversely affect costs and prices of Panasonic's products and services and certain other transactions that are denominated in these foreign currencies; the possibility of the Panasonic Group incurring additional costs of raising funds, because of changes in the fund raising environment; the possibility of the Panasonic Group not being able to respond to rapid technological changes and changing consumer preferences with timely and cost-effective introductions of new products in markets that are highly competitive in terms of both price and technology; the possibility of not achieving expected results or incurring unexpected losses in connection with the alliances or mergers and acquisitions; the possibility of not being able to achieve its business objectives through joint ventures and other collaborative agreements with other companies, including due to the pressure of price reduction exceeding that which can be achieved by its effort and decrease in demand for products from business partners which Panasonic highly depends on in BtoB business areas; the possibility of the Panasonic Group not being able to maintain competitive strength in many product and geographical areas; the possibility of incurring expenses resulting from any defects in products or services of the Panasonic Group; the possibility that the Panasonic Group may face intellectual property infringement claims by third parties; current and potential, direct and indirect restrictions imposed by other countries over trade, manufacturing, labor and operations; fluctuations in market prices of securities and other financial assets in which the Panasonic Group has holdings or changes in valuation of non-financial assets, including property, plant and equipment, goodwill and deferred tax assets; future changes or revisions to accounting policies or accounting rules; the possibility of incurring expenses resulting from a leakage of customers' or confidential information from Panasonic Group systems due to unauthorized access or a detection of vulnerability of network-connected products of the Panasonic Group; as well as natural disasters including earthquakes, prevalence of infectious diseases throughout the world, disruption of supply chain and other events that may negatively impact business activities of the Panasonic Group. The factors listed above are not all-inclusive and further information is contained in the most recent English translated version of Panasonic's securities reports under the FIEA and any other documents which are disclosed on its website.